



Daily Report

China

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Daily Report

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11 February 1993

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General

'Outside Action' in Former Yugoslavia Discouraged

OW1002192193 Beijing XINHUA in English 1850
GMT 10 Feb 93

[Text] Geneva, February 10 (XINHUA)—China today urges all the parties in the former Yugoslavia to stop all violations of human rights and the conflict be settled through dialogue.

"We demand an immediate end to all acts which violate international humanitarian law, the Geneva Conventions in particular," a Chinese representative told the U.N. Commission on Human Rights.

Addressing the 49th session of the commission, Chinese Ambassador Jin Yongjian to the U.N. office in Geneva said, "We condemn all violations of human rights in the former Yugoslavia."

He expressed the hope that all the parties concerned in the region will take appropriate steps to guarantee the rights of refugees and other victims to return to their homes.

Meanwhile, he said the Chinese Government actively advocated the settlement of all the disputes through dialogue and negotiations and opposed the use or threat of force.

"History has shown that disputes between states or among nations can not be settled by means of war," Jin stressed.

"The use of force can only intensify confrontation, deepen hatred and make the problem more difficult to resolve."

He emphasized, "Meanwhile, outside action which might make the difficult situation more complicated should also be avoided."

The ethnic conflict in the former Yugoslavia has made over three million people either displaced or become refugees.

The Chinese representative also expressed his hope that the commission could draw lessons from the crisis.

"We hope that the commission will draw lessons... and make positive contributions to safeguarding the unity and ethnic harmony in all countries while promoting the respect and guarantee of human rights and fundamental freedoms."

U.S. Slated To Unveil Peace Plan for Bosnia

OW1002194393 Beijing XINHUA in English 1622
GMT 10 Feb 93

[Text] Washington, February 10 (XINHUA)—U.S. Secretary of State Warren Christopher will announce this

afternoon a plan to check bloodshed in Bosnia-Herzegovina, the CABLE NEWS NETWORK reported.

The plan would include diplomatic, military, economic and humanitarian steps, CNN said.

According to earlier reports, the United States may offer to send military personnel to Bosnia, but only under the United Nations or the North Atlantic Treaty Organization, and only when effective ceasefire has been reached by the three warring factions.

Christopher would also name a special U.S. envoy to work with international peace negotiators Cyrus Vance and David Owen to bring an end to the Balkan civil war, the reports quoting unidentified administration sources as saying.

A plan put forward by Vance and Owen, which include a draft constitution, a ceasefire and a division of Bosnia into 10 semi-autonomous regions under a loose federal government, failed to win support from all three sides of Bosnia.

Only the Croats have endorsed all three parts of the peace plan.

The Muslims are adamant that the proposed division rewards what they called the Serbs' "ethnic cleansing" and insist that all heavy weapons in Bosnia must be put under effective U.N. control before penning on any ceasefire agreement.

The Serb side, which now reportedly control some 70 percent of the former Yugoslav Republic, wants to have a larger share than the 40 percent envisioned in the Vance-Owen map.

After repeated talks in Geneva, Switzerland, and the United Nations ended in deadlock, Vance and Owen submitted their plan to the U.N. Security Council in the hopes that the council would press the belligerents to endorse the plan.

Washington, thought supporting the efforts by Owen and Vance, has been reluctant to back the plan, saying it favors the Serbs and put the Muslims in a further disadvantageous position.

The United States had earlier tried to seek international military enforcement of the "no-fly zone" over Bosnia and wanted to end the U.N.-sanctioned arms embargo against the warring sides there, but both initiatives failed to win support from its major allies.

And both options are also facing staunch opposition inside the administration, the Pentagon and among some lawmakers.

The opposers said neither option could lead to a better scenario in the Balkans and may even end in "more chaos."

The latest plan, as described in the news reports, is only an expedient step by the administration of President Bill

Clinton to offset pressure from the international community for a U.S. stance, local observers said.

And the proposed offer of military personnel for peacekeeping mission in Bosnia is only aiming at a stronger footing when Washington joins mediating efforts by Vance and Owen.

The United States now has no soldiers in Bosnia.

The bulk of the current peacekeeping force there includes troops from Britain, France and Canada. Egypt has some 400 soldiers under the U.N. Protection Force.

More than 18,000 people have been killed since fighting broke out some 10 months ago in Bosnia. Hundreds and thousands of people were displaced, creating the largest refugee crisis since the end of the Second World War.

Christopher Announces U.S. Plan

OW1002224393 Beijing XINHUA in English 2154
GMT 10 Feb 93

[Text] Washington, February 10 (XINHUA)—U.S. Secretary of State Warren Christopher announced here today that Washington would be actively involved in the efforts to end the war in Bosnia and Hercegovina.

He announced that President Bill Clinton has appointed Reginald Bartholomew, U.S. ambassador to the North Atlantic Treaty Organization, as the special U.S. envoy to work with international mediators Cyrus Vance and David Owen in efforts for peace in Bosnia.

Despite Christopher's indication of "possible U.S. military action," the Clinton administration appeared to have no immediate plan of military involvement in Bosnia.

Christopher implicitly criticized the former administration under George Bush for failing to act earlier to prevent the situation from worsening to the current degree.

Besides the appointment of the special envoy, Christopher also said Washington would seek to strengthen the economic sanctions against Serbia and Montenegro.

Included in the six-point plan were the creation of a war crime tribunal at the U.N. on Bosnia, stepped-up efforts in getting humanitarian aid into Bosnia and more cooperation with its allies and Russia in efforts for peace in the former Yugoslav republic.

However, Christopher ruled out the lifting of an arms embargo against Bosnia.

The announcement was made in the wake of rising international pressure for a clearly-spelt U.S. stance on ways to address the Balkan bloodshed.

Russia, which favors the Owen-Vance plan, has been pressing Washington to back it, saying there was no viable alternative to the plan.

The plan, including a draft constitution, a cease-fire and a division of Bosnia into 10 quasi-autonomous regions, failed to win endorsement from all the three sides of the civil war.

Only the Croats have agreed on all three parts of the plan.

The Muslims refused to endorse the proposed map, saying it favors the Serbs. They also insist that all heavy weapons in Bosnia must be put under effective U.N. control before the cease-fire plan is signed.

The Serbs, who now reportedly control some 70 percent of the former Yugoslav republic, want to have a larger share than the 40 percent tabled out by the Owen-Vance map.

Washington has refrained from fully supporting the Owen-Vance plan, accusing it of favoring the Serbs and putting the Muslims in a further disadvantageous position.

The Owen-Vance plan has the support of all European Community countries and Russia.

Russian Deputy Foreign Minister Vitaliy Churkin said Wednesday [10 February] that there was no viable alternative to the plan and Moscow was to pressure the United States into supporting it.

"We have only two hopes in this situation," he said. "One is Cyrus Vance, and the other is Lord Owen."

Churkin said Russian Foreign Minister Andrey Kozyrev already relayed Moscow's stance to Christopher during their telephone conversations.

During the news briefing, Christopher said Clinton telephoned Boris Yeltsin early today and briefed the Russian president of Washington's intention for more active Russian involvement in the the peace efforts.

France, Britain and Canada, all with ground troops inside Bosnia under the U.N. Protection Force, have been reluctant to support any further military action for fear of retaliation against their soldiers.

More than 18,000 people have been killed in the hostilities which broke out some 10 months ago and tens of thousands of civilians were displaced as a result, creating the largest refugee crisis since the end of the Second World War.

Foreign Ministry Holds Weekly News Briefing

Trade Talks With U.S. Previewed

OW1102101793 Beijing XINHUA in English 1008
GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—The coming China visit by a trade delegation of the United States is a concrete step toward materialization of U.S. support of the resumption of China's membership in the General Agreement on Tariffs and Trade (GATT), a Chinese Foreign Ministry spokesman said here today.

Spokesman Wu Jianmin made the remark at the weekly press conference this afternoon, when asked to comment on the visit by the U.S. trade negotiation delegation scheduled in early March.

Wu said that the U.S. delegation comes to China to have consultations with the Chinese delegation on the resumption of China's status as a signatory state to GATT.

"This will mark a formal restoration of bilateral consultations between China and U.S. on the question after a suspension of three years," Wu said.

He said that in the memorandum of understanding reached between China and U.S. last October, the U.S. side explicitly expressed its strong support for the resumption of China's status as a signatory state to the GATT.

"The upcoming visit of the U.S. delegation represents a concrete step toward materialization of this promise," he said, adding that China appreciates this and hopes the two sides make joint efforts to advance the negotiation process and fulfill the restoration of China's status in the GATT as soon as possible.

Efforts on Bosnia Crisis 'Welcome'

OW1102102793 Beijing XINHUA in English 1010
GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—China welcomes all the efforts for the settlement of the Bosnia-Herzegovina crisis, a spokesman for the Chinese Foreign Ministry said here today.

"We welcome all the international efforts which will help all the related parties in the Bosnia-Herzegovina to achieve political settlement of the crisis through negotiations," said the spokesman.

He made the remark at the weekly press conference here this afternoon, when asked to comment on the six-step plan of the United States to resolve the issue.

On Dalai Lama, Patten, Kim Chong-il

HK1102124993 Beijing ZHONGGUO XINWEN SHE
in Chinese 1140 GMT 11 Feb 93

[Text] Beijing, 1 Feb (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry spokesman Wu Jianmin commented today on the passing of Chris Patten's political reform package by the Hong Kong Executive Council, saying that Hong Kong Governor Chris Patten must withdraw his "constitutional reform package" and show genuinely that he sincerely wishes to return to the track of the Sino-British Joint Declaration. China will not accept any package that does not converge with the Basic Law.

At the press conference held today at the Chinese Foreign Ministry, Wu Jianmin said in reply to a REUTER reporter's question about China's comments on the Dalai Lama's upcoming visit to Thailand: China and

Thailand are friendly neighbors. We hope that Thailand can properly handle the above-mentioned matter.

Wu Jianmin said: The Dalai Lama is not a purely religious figure and has long been engaged in separatist activities against the motherland and a variety of political activities from outside China. We hope that the concerned country would refuse Dalai Lama's visit.

A ROK reporter requested: Please confirm a report that DPRK leader Kim Chong-il would be visiting China in early March. Wu Jianmin replied: I have not heard of this.

Wu Jianmin declined to comment on the development that Lien Chan is going to take up the position of Taiwan "Executive Yuan president," saying that Taiwan is part of China and since whatever happens on the Taiwan Island is China's internal affairs, the matter is not one he should respond to in the capacity of Foreign Ministry spokesman.

Use of Burmese Naval Base Denied

OW1102100293 Beijing XINHUA in English 0945
GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—A Chinese Foreign Ministry spokesman today denied Chinese intention to use a naval base in Myanmar [Burma] to extend its influence to the Indian Ocean.

Wu Jianmin described as "sheer fabrication" a report that during his recent visit to Myanmar, Chinese foreign minister, Qian Qichen, had promised to increase military and financial aid to Myanmar as a quid pro quo to get Myanmar's consent to China's use of the Bassein naval base.

Wu told a weekly news conference this afternoon that Qian and Myanmar leaders "did not touch upon the question of military aid and co-operation" during his visit to Myanmar.

Qian exchanged views with Myanmar leaders on ways to enhance bilateral economic and trade cooperation, in particular border trade, to make a success the joint border inspection operation and to intensify cooperation in anti-narcotics activities, according to Wu.

Wu said that some people who have spread rumors about the so-called "China threat," are now concocting the fantastic theory that China is trying to extend its influence to the Indian Ocean.

"Their aim is to sow discord between China and its neighbors," Wu said, adding that, "however, attempts to foment discord between China and its neighbors will be of no avail."

Embassy in Afghanistan To Evacuate Staff*OW1102085993 Beijing XINHUA in English 0839
GMT 11 Feb 93*

[Text] Beijing, February 11 (XINHUA)—Chinese Embassy in Afghanistan has decided to evacuate all its staff members from Kabul today, a Chinese Foreign Ministry spokesman said here today.

Addressing the weekly news conference this afternoon, Wu Jianmin said, "for security reasons, Chinese Embassy in Afghanistan has decided to temporarily evacuate all its staff from Kabul today."

Philippine Foreign Minister To Visit*OW1102082393 Beijing XINHUA in English 0810
GMT 11 Feb 93*

[Text] Beijing, February 11 (XINHUA)—Philippine Minister of Foreign Affairs Roberto R. Romulo will pay an official visit to China from 17 to 21 this month at the invitation of Chinese State Councillor and Foreign Minister Qian Qichen.

This was announced here this afternoon by a Chinese Foreign Ministry spokesman at the weekly news conference.

Reentry to GATT Said To Depend on U.S. Talks*HK1002124193 Hong Kong MING PAO in Chinese
10 Feb 93 p 8*

[Report by staff reporter Chang Hsi-hung (1728 6007 7703): "Whether PRC Can Reenter GATT To Be Determined by Progress Made Next Month When U.S. Delegation Visits Beijing"]

[Text] According to sources in the Ministry of Foreign Economic Relations and Trade, March will be another crucial month for China's reentry to the GATT. The U.S. Trade Representative Office will send a delegation to China early next month especially to discuss the issue of China's reentry to the GATT; and another meeting of the GATT's China Working Group will be held in the middle of March to negotiate such important issues as the drafting of the protocol for China's reentry to the GATT.

It is learned that the U.S. senior trade representative delegation, led by Assistant U.S. Trade Representative Newkirk, will visit China from 1 to 2 March to hold bilateral consultations on the issue of China's reentry to the GATT. When China and the United States reached agreement on "Special Clause 301," the U.S. side made public its firm support for reinstating China's membership in the GATT. Not long ago, officials concerned of China's Ministry of Foreign Economic Relations and Trade made a public appeal to the U.S. side, and to the new Clinton administration in particular, urging them to keep their promise to support China's reentry to the GATT.

Sources in trade circles in north China said: On the surface, the U.S. Government trade delegation led by Newkirk will, during this visit, hold routine bilateral

consultations and exchange views on China's reentry to the GATT, but in reality it will be the first formal contact between China and the group in the Clinton administration which is responsible for GATT talks. It is believed that during these talks, the Chinese side will certainly urge the new U.S. Government to continue to abide by the relevant promise made by the Bush administration and to bring into play U.S. influence in the GATT to vigorously support China's reentry. The trade circle sources also held that as it would be the first contact with the new Clinton administration, the possibility of the Chinese side's bringing up such bilateral trade issues as MFN [most-favored-nation] treatment during the talks could not be excluded.

On the other hand, on 15 March, the GATT's China Working Group will hold its 13th meeting in Geneva. At the meeting, China must first respond to various queries raised by GATT member countries on China's reentry (in December last year, representatives of various countries put forward a "comprehensive list of questions," to which China must reply). Only when answers which are, to a certain degree, satisfactory have been given will the protocol for China's reentry to the GATT be further discussed, including negotiating and deliberating on specific methods for China's reentry to the GATT, the concrete contents of the protocol, and the rights and obligations to be undertaken by China.

Sources in trade circles in Beijing pointed out: If the Sino-U.S. bilateral talks to be held early next month in Beijing make progress, it will contribute to the success of the 13th meeting of the GATT's China Working Group to be held in the middle of March.

It is learned that Assistant U.S. Trade Representative Newkirk was the former Bush administration's negotiator to the GATT who has retained his post. He is familiar with the GATT talks on China's membership, hence his reappointment is regarded as more favorable to China.

The 12th meeting of the GATT's China Working Group was held in Geneva from 8 to 9 December last year. The meeting failed to clear away any major obstacles existing in the process of China's reentry to the GATT. A GATT spokesman admitted that the meeting had only made "limited progress."

As for the question of whether or not China can fulfill its wish and reenter the GATT, the sources in trade circles in Beijing are not optimistic. It is alleged that even if various talks proceed smoothly, it will not be until late 1993 at the earliest that China can reenter the GATT.

Burmese Minister Receives U.S. Delegates*OW1002194093 Beijing XINHUA in English 1723
GMT 10 Feb 93*

[Text] Yangon [Rangoon], February 10 (XINHUA)—Myanmar [Burma] Minister for Trade Tun Kyi met U.S. Congressman Bill Archer, Congresswoman Nancy L.

Johnson and the President of Far East Studies 'nstitute Richard G. Quick here today.

According to a Radio Myanmar report tonight, during the meeting, both sides discussed matters relating to bilateral trade and the coordination for promoting trade between the two countries.

The Americans arrived here on Tuesday [9 February] at the invitation of the Myanmar Ministry of Foreign Affairs.

Cambodian SNC Conference Opens in Phnom Penh

OW1002142493 Beijing XINHUA in English 1405
GMT 10 Feb 93

[Text] Phnom Penh, February 10 (XINHUA)—The 21st conference of the Supreme National Council of Cambodia (SNC) opened here today to discuss creating a political environment for the coming election and country's rehabilitation.

At the conference, SNC Chairman Samdech Norodom Sihanouk called on Cambodians to take stock of the current peace in the country, hoping all factions would cooperate with the United Nations Transitional Authority in Cambodia (UNTAC) so as to implement the Paris agreements.

UNTAC President Yasushi Akashi, who attended the meeting, urged the two larger factions not to violate the cease-fire, and condemned terrorism and assassination activities in the country.

Outbreaks of political violence and terrorism are reported to have occurred in some areas of the country.

The UNTAC president expressed dissatisfaction with the conditions for a free and fair election.

Sihanouk said whether he or another candidate is elected president, Cambodia should practice democracy and freedom.

Meanwhile, Son Sann, SNC member from the Khmer People National Liberation Front, declared that because the issue of human rights violation remains unsolved and because terrorism and assassination continue unchecked in the country, there is no neutral political environment.

At the conference, Hun Sen, SNC member from the Phnom Penh regime, said that in view of the Democratic Kampuchea Party's (DKP) failure to participate in the peace process, the Phnom Penh regime insists DKP be excluded from the process.

Participants also discussed issues of cultural heritage, forest and coal deposit protection.

SRV Minister on Mitterrand's Visit, Ties

OW1002193793 Beijing XINHUA in English 1556
GMT 10 Feb 93

[Text] Hanoi, February 10 (XINHUA)—Vietnamese Foreign Minister Nguyen Manh Cam said here today differences have been reconciled between the Vietnamese and French peoples as a result of French President Francois Mitterrand's visit to Vietnam. The stage is thus set for bilateral relations.

Mitterrand arrived in Hanoi Tuesday [9 February] afternoon to become the first Western leader to visit the country since 1954 when French troops were defeated and withdrew from the country.

Cam made the remark at a press conference after France and Vietnam signed this morning six cooperation agreements in telecommunications, aviation, culture and other fields.

The documents involve a joint venture between the French telecommunications firm Alcatel and the Vietnam General Post and Telecommunications Department, plus an agreement between Air France and Vietnam Airlines, the official VIETNAM NEWS AGENCY said.

The agency said agreements were signed on the following: avoiding double taxation, French aid in public health, aid for Vietnam's judicial system including establishing a French house of law in Hanoi, and setting up a French school of Far Eastern studies in Hanoi.

Mitterrand promised Tuesday to increase the 1993 level of aid to Vietnam to 360 million francs (about 65.5 million U.S. dollars), in effect, doubling 1992's aid level of 180 million francs.

France is second only to Taiwan and Hong Kong in foreign investments in Vietnam, with French investments totalling 465 million dollars.

Mitterrand's entourage includes businessmen as well as cabinet members responsible for the budget, research, and space affairs.

Also today at a news conference, Mitterrand urged the United States to lift its trade embargo against Vietnam.

France, which enjoyed a mother country-colony relationship with Vietnam for nearly a century until 1954, now is eager to stage a comeback in the Indochinese country by influencing the U.S. to end its embargo and by helping Vietnam get aid and high technology transfers.

During his stay in Hanoi, Mitterrand held talks with Vietnamese President Le Duc Anh, Vietnamese Communist Party (VCP) Secretary-General Do Muoi, and VCP Central Committee advisor Pham Van Dong.

This afternoon, Mitterrand flew to Dien Bien Phu where Vietnamese forces in 1954 defeated a key French Army unit, effectively ending colonial rule.

He also will visit Ho Chi Minh City on Wednesday before leaving on a visit to Cambodia.

World Bank Loans Used for Thermal Power Plant
OW1002142393 Beijing XINHUA in English 1408
GMT 10 Feb 93

[Text] Beijing, February 10 (XINHUA)—A contract-signing ceremony was held here today between the Zouxian county thermal power plant in Shandong Province and an American company for the sale of two 600,000 kw boiler islands using loans provided by the World Bank.

At present, the Zouxian county thermal power plant has an installed generating capacity of 1.2 million kw. The two generating sets bought with World Bank loans will be used in the third stage of the plant's ongoing expansion project, and will go into operation by the end of 1997.

The plant's expansion project will cost a total of 3.44 billion yuan, of which 310 million U.S. dollars will come from World Bank loans.

The equipment will be purchased by international bidding. The Foster Wheeler Energy Corporation of the United States has already won the bid for the two boiler islands. The value of the contract signed today is 157 million U.S. dollars.

Chinese Vice-Premier Zou Jiahua, Vice-Minister of the State Planning Commission Yao Zhenyan, Minister of Energy Resources Huang Yicheng, Vice-Governor of Shandong Province Guo Changcai and other Chinese and foreign representatives attended today's ceremony.

IDA Loan Approved for Water Supply Project
OW1002224493 Beijing XINHUA in English 2039
GMT 10 Feb 93

[Text] Washington, February 10 (XINHUA)—A loan from the World Bank would enable some 2 million people in Changchun, Jilin Province of China, to enjoy improved water supply and sewage treatment and a less polluted environment.

The loan, which amounts to 120 million U.S. dollars, was approved yesterday by the International Development Association (IDA), the World Bank's concessionary lending affiliate, according to a report released today by the World Bank.

The credit is extended on standard IDA terms with a 35-year maturity and a grace period of 10 years.

United States & Canada

Li Peng Sees 'Vast' Potential for Economic Ties

OW1102105793 Beijing XINHUA in English 1041
GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—Chinese Premier Li Peng, meeting with an American entrepreneur here today, said Sino-U.S. economic cooperation enjoys vast potentials and a broad prospect.

Li was meeting this afternoon with Chairman Donald R. Beall of the American Rockwell International Corporation, who is here on a three-day visit to learn more about China's economic development and investment environment.

Beall, noting that Rockwell has formed a good foundation for developing cooperation with China in the fields of aviation, the auto industry, printing as well as new and high technologies, said his corporation takes China as an important partner.

Li welcomed Rockwell and other U.S. enterprises to invest or undertake cooperative projects in China, saying that Sino-U.S. cooperation in the economic and trade sectors enjoys vast potentials and broad prospects.

The two sides should make joint efforts to continuously improve and develop bilateral ties, including those in the economic, trade, scientific and technological fields, Li Peng said, adding "this will benefit the two countries and two peoples."

Journal Examines Sino-U.S. Relations

HK1102091293 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 6, 8 Feb 93 p 24

["International Commentary" by Wei Guoqiang (7614 0948 1730): "Open New Vistas To Develop Sino-U.S. Relations"]

[Text] With the arrival of the new year, Bill Clinton, a Democrat, was sworn in as U.S. President, signaling the establishment of a new U.S. Government. With a new President and a new government, there will surely come new policies. Which policies the Clinton administration adopts to handle relations with China has become one of the topics for discussion among people.

People are concerned about Sino-U.S. relations because China and the United States are both big countries and permanent members of the UN Security Council. Thus, strengthened cooperation, rather than confrontation, between China and the United States will not only be conducive to peace, stability, and prosperity in the Asia-Pacific Region but will also be helpful in resolving some major international issues. Improvement and development of Sino-U.S. relations not only conforms with the interests of the two peoples but are also the common aspirations of the people of all countries in the world, especially those in the Asia-Pacific Region.

For a period of almost 20 years prior to 1989, despite twists and turns, Sino-U.S. relations made tremendous progress, by and large. However, in the second half of 1989, the U.S. Government unilaterally suspended exchange visits by officials of the two countries and imposed economic sanctions against China under the pretext of the so called "human rights" issue. As a result, Sino-U.S. relations plummeted to an all-time low. Later, some people in the United States deliberately raised the so called "trade practices," "arms control," and some other issues in an attempt to find excuses to either cancel China's most-favored-nation [MFN] status or attach political conditions to its renewal. Not long ago, the U.S. side even went back on its word by selling F-16 jet fighters to Taiwan. All this has damaged the hard-won Sino-U.S. relations. It is quite obvious that the key to tackling the problems in Sino-U.S. relations lies in the U.S. side having a broad vision, taking account of overall interests, fending off interference and giving up attempts to interfere in China's internal affairs, and striving to create a new and good start for Sino-U.S. relations development.

Everyone knows that the basis on which Sino-U.S. relations were normalized is the three joint communiqués signed by China and the United States in 1972, 1979, and 1982, respectively. All three joint communiqués recognized that despite differences in social systems and ideology, China and the United States could develop bilateral relations on the basis of the Five Principles of Peaceful Coexistence, including mutual respect for territorial integrity and sovereignty, mutual noninterference in each other's internal affairs, and so on. History over the past more than 20 years proves that whenever the two countries abide by the three joint communiqués, Sino-U.S. relations develop relatively smoothly but, otherwise, Sino-U.S. relations suffer setbacks. Any attempt aimed at interfering in China's internal affairs under the pretence of "human rights" with a view to changing China's socialist system will not only impede the normal development of bilateral relations but will also cause bilateral relations to develop in a direction which does not conform with the interests of the two peoples.

Needless to say, China and the United States once shared common strategic interests and cooperated with each other. At present, because the world is changing, the former concept of common strategic interests may undergo some changes but the two countries still have common needs and interests. In a sense, the two countries now have more, rather than fewer, common interests than they did in the past and some of these common interests have become more important than in the past.

First, China is a big country with a population of 1.1 billion and is also one of the permanent members of the UN Security Council. Without China's participation, it would be extremely difficult to resolve some major international issues with an important bearing on the survival and development of mankind, such as environmental protection, population control, the crackdown on

drug trafficking, and other issues. This is an objective fact which cannot be changed by one's personal likes or dislikes.

Second, as a big Asian country, China has played an important role in maintaining peace and stability in the Asia-Pacific Region. The United States has close ties with, and important economic and strategic interests in, the Asia-Pacific Region. Thus, Sino-U.S. cooperation in a variety of fields will be beneficial not only to the peace and development of the Asia-Pacific Region but also to the interests of the United States.

Third, China and the United States can complement each other in many areas in the economic domain. China not only provides U.S. consumers with cheap and quality commodities but also represents a huge potential market. At present, China is carrying out reform aimed at building a socialist market economy so that broad prospects are in store for the U.S. investors, industrialists, businessmen, and entrepreneurs to explore and gain profits from the China market. Both countries can also cooperate in a lot of scientific and technological projects. Given the fact that Sino-U.S. economic relations are becoming increasingly close, bad political relations between the two countries are bound to jeopardize U.S. economic interests.

Fourth, Hong Kong and Taiwan play an important role in Sino-U.S. trade. The development of Sino-U.S. relations will have a direct impact on Hong Kong's stability and prosperity and also on Taiwan's development. The United States also has enormous economic interests in these two regions.

For the aforementioned reasons, many insightful people in the United States believe that China's role cannot be underestimated. To safeguard and develop Sino-U.S. relations will at once be conducive to stability the world over and in keeping with U.S. interests. An article jointly written by Barber Conable, former World Bank president, and David Lampton, U.S.-China Relations Committee chairman, at the end of last year pointed out: "China is of importance to U.S. interests." Should the current U.S.-China relations deteriorate "it would inflict widespread damage on U.S. economic prospects, U.S. relations with other countries, and the U.S. hope of seeking cooperation on global issues."

Not long ago, President Clinton stated that he does "not intend to isolate China." When expounding on the Clinton administration's foreign policies, Secretary of State Christopher said that the administration will "reconsider" its policies toward China. It is hoped that what they said signifies a good start and will guide the bilateral relations development in a direction marked by constant improvement.

U.S. Joint Chiefs Chairman To Retire Early*OW1002193893 Beijing XINHUA in English 1626
GMT 10 Feb 93*

[Text] Washington, February 10 (XINHUA)—U.S. Chairman of the Joint Chiefs of Staff General Colin Powell said today that he intends to retire before his term ends on September 30.

Powell denied reports that linked his resignation offer to Pentagon budget cuts and President Bill Clinton's plan to lift the ban on gays in the armed services.

He told ABC's "Good Morning America" that he wasn't "in any way unhappy or disgruntled" with Clinton's decisions.

The 55-year-old Powell said "I might want to leave a month or so early in order to get my family resettled."

He said in another interview of the NBC Television that "I am serving at the pleasure of the President, and I am not in any way unhappy, disgruntled, or doing anything other than supporting the President in the execution of his policies."

The Clinton administration has planned a budget cut of as much as 10.8 billion dollars in the next fiscal year, a move Powell reportedly has reservations about.

Oil Exploration Contract Signed With U.S. Firm*OW1002140693 Beijing XINHUA in English 1341
GMT 10 Feb 93*

[Text] Beijing, February 10 (XINHUA)—The China National Oil and Gas Exploration and Development Corporation (CNODC) and the Exploration Company of Louisiana, Ltd. (ECL) of the United States signed a contract on petroleum exploration, development and production here today.

According to the terms of the contract, ECL will explore in a shallow sea area consisting of 197 sq km on the Zhaodong block to the east of the Dagang oilfield in the Bohai Bay. During the first seven-year period, the company will build seven pre-exploration wells and bear all the risks of exploration.

Cheng Shouli, general manager of CNODC, said that the signing of the contract marked a new stage of cooperation between Chinese and foreign companies in the fields of oil and gas exploration and also indicated that China has made a big step forward in such cooperation.

Central Eurasia**Russian Official on Growth of Bilateral Trade***OW1102012393 Beijing XINHUA in English 0054
GMT 11 Feb 93*

[Text] Shanghai, February 11 (XINHUA)—T.B. Felepova, economic director of the Russian commercial

counselor's office in China, expressed the hope that China and Russia will continue to promote trade between them.

Speaking to people from economic circles in Shanghai today, Felepova said that trade between the two sides developed fast in 1992. The two-way trade volume reached 5.8 billion U.S. dollars, up more than 40 percent over the previous year.

Felepova said that trade between the two countries has expanded from the original government-to-government monopoly on Sino-Russian economic ties to include enterprise-to-enterprise and inter-regional trade.

The trade volume between enterprises and among different regions accounted for 80 percent of last year's total.

Felepova explained that Russia has formed an economic management system that is more suitable to the development of trade between the two countries.

Under this system, she said, restrictions on foreign economic relations and trade will be greatly reduced.

Near East & South Asia**NPC Delegation Meets Pakistani President Khan***OW1002125393 Beijing XINHUA in English 1232
GMT 10 Feb 93*

[Text] Islamabad, February 10 (XINHUA)—President Ghulam Ishaq Khan today said China's policy of following the path of socialism with Chinese characteristics is "most realistic" and its foreign policy "a very good model".

The president made the remarks here today at a meeting with a Chinese delegation of the National People's Congress (NPC) led by its Standing Committee Vice Chairman Seypidin Aze.

President Ishaq Khan said that as a close neighbor, Pakistan has always been interested in the developments in China and its economic achievements. He observed that China had an economic growth rate of 12 percent last year, saying it was a big achievement as in today's world not many countries had such fast growth.

He said the Chinese economic policies were most realistic and without such policies it could not have been possible for China to provide enough food and clothing to its 1.2 billion population.

He also praised China's foreign policy, saying under the changing world situation, China's foreign policy was a very good model.

On bilateral relations, the Pakistan president said the most important element in the development of relations between China and Pakistan was that the two sides

adhere to the five principles of peaceful co-existence and neither side interferes in the internal affairs of the other.

He said Pakistan-China friendship, which has been developed satisfactorily in the past, had undergone the test of time.

To develop friendly relations with China is a basic policy of Pakistan's foreign policy, he said.

On the occasion, the Chinese delegation leader Seypidin Aze said the relationship between China and Pakistan has developed smoothly all the time and believed his visit to Pakistan would further strengthen the friendship.

Seypidin Aze said that under the circumstances in the world today, China and Pakistan should have closer cooperation in maintaining world peace.

The Chinese delegation arrived here on Monday for a week-long visit to Pakistan.

Meets Prime Minister

OW1002165893 Beijing XINHUA in English 1612 GMT 10 Feb 93

[Text] Islamabad, February 10 (XINHUA)—Prime Minister Nawaz Sharif met here this evening the Chinese delegation of the National People's Congress (NPC) led by its Standing Committee Vice Chairman Seypidin Aze.

The prime minister said the exchange of visits at high level would strengthen and promote and the bilateral relations.

He also appreciated the economic achievements in China, saying it was worth praising that China had an economic growth rate of 12 percent last year when the world economic situation was not satisfactory as a whole.

The Pakistan prime minister also exchanged views with the Chinese delegation leader on international and regional issues.

The Chinese delegation arrived here on Monday [8 February] for a week-long goodwill visit to Pakistan.

Company Wins Bid for Pakistan Highway Project

OW1002081293 Beijing XINHUA in English 0739 GMT 10 Feb 93

[Text] Beijing, February 10 (XINHUA)—A Chinese company has won out in bidding for the construction of two major highways in Pakistan.

In the tender for the projects, the China petroleum engineering construction corporation defeated five other world-famous companies.

The two highways, with a total length of 206 km and width of 7.3 meters and crossing 14 bridges and more than 500 culverts, involve a total contract volume of 91 million U.S. dollars.

Since its founding in 1981, the Chinese corporation has contracted for 198 international labor and construction projects with a total contract volume of more than 300 million U.S. dollars.

Qian Qichen Meets With Arab Envoys in Beijing

OW1002161093 Beijing XINHUA in English 1548 GMT 10 Feb 93

[Text] Beijing, February 10 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen said here today that China has always attached great importance to developing its friendly relations and cooperation with Arab countries.

Qian made the remark during a meeting with diplomatic envoys of Arab countries here this evening.

In a cordial and friendly atmosphere, Qian exchanged views on relations between China and Arab countries and on international issues of common concern.

Qian said China holds that there exist a solid foundation and broad prospects for the development of ties between China and the Arab world.

He noted that the volume of trade between China and the Arab countries has reached more than two billion U.S. dollars, and added that the two sides agreed that there is great potential in this area.

"It is our hope that the relations between China and the Arab countries in the fields of economics and trade will be further expanded and new cooperative areas continuously explored," Qian added.

On the Middle East issue, Qian said that the end of the Cold War has brought new prospects for peace in the region.

At the same time, some contradictions that had long remained submerged have been exposed, he said.

Qian said China supports the Middle East peace process and has sent a delegation to attend a multilateral working group meeting on the Middle East peace talks.

He said China has consistently supported the just cause of the Palestinian and Arab peoples and held that the Middle East issue should be politically settled in a fair and reasonable way in accordance with Resolutions 242 and 338 passed by the United Nations Security Council.

But, Qian said, it is regrettable that Israel's recent expulsion of more than 400 Palestinians has seriously disrupted the Middle East peace process.

Qian said China hopes that Resolution 799 of the U.N. Security Council will be implemented completely and the deportees will return home as early as possible so that the Middle East peace process can be continued.

Farid Samaha, leader of the Arab diplomatic corp and Lebanese Ambassador to China, said he appreciated that

China has always worked hard to develop its relations with the Arab countries despite changes in the world and thanked China for its consistent support for the just cause of the Palestinians and Arab countries.

Iranian Ambassador Views Bilateral Relations

TA1002195393 Beijing China Radio International in Persian 1800 GMT 10 Feb 93

[Text] Dear listeners, 11 February coincides with the 14th anniversary of the victory of the Islamic Revolution in Iran. China's Radio International and all the Persian section's staff extend to you their warmest congratulations. On this occasion, the radio's correspondent interviewed Mr. Taromi-Rad, Iran's ambassador to China.

In the course of the interview, the Iranian ambassador noted that during the last 14 years following the victory of the Islamic Revolution, the Iranian people, by overcoming various difficulties, have achieved great results in different aspects of the construction of their country.

We, the Chinese people, express pleasure over the Iranian people's successes, achieved under the leadership of President Hashemi-Rafsanjani.

While elaborating on the friendship between China and Iran, Mr. Taromi-Rad referred to the results emanating from the promotion of Iranian-Chinese relations after the visit by President Hashemi-Rafsanjani to China, and viewed the prospects of expansion of Chinese-Iranian ties.

Mr. Taromi-Rad told our correspondent:

[Begin Taromi-Rad recording] His Excellency President Hashemi-Rafsanjani's visit to China in September 1992—some four months ago—can be considered as one of the most historic and successful visits in the relations between the two countries, the People's Republic of China and the Islamic Republic of Iran. This visit represented a very long stride toward expansion of relations between the two countries in all spheres. In recent years, we have maintained extensive cooperation between China and Iran. This cooperation has been in the economic, commercial, cultural, social, and political spheres. We were able to achieve many of the goals set in advance for the expansion of relations during President Hashemi-Rafsanjani's visit.

Agreements on economic cooperation between the two countries were signed in the course of this visit. One of the successes was the beginning of nuclear cooperation between the two countries for peaceful purposes. Since that time certain progress has been achieved in this respect.

From the economic viewpoint, during this same visit, we began reviewing preliminary plans for the implementation of several projects with the Chinese. Those projects relate to the construction of plants for cement and [word indistinct], and also include cooperation in setting up a metro line in Tehran. These can be considered examples of the activities that have begun between the two countries.

President Hashemi-Rafsanjani's visit was in response to the visit by His Excellency Yang Shangkun, president of the People's Republic of China, to the Islamic Republic of Iran in 1991. Before him Premier Li Peng had also paid a visit to the Islamic Republic of Iran.

On the whole, during the last two years we have witnessed the promotion and expansion of the two countries efforts in the economic and political spheres. These visits have strengthened and consolidated relations between the two countries. We view the future of those relations with optimism. I believe that we will be able to achieve progress in many fields. There is no major problem preventing the expansion of relations between the two countries. As His Excellency Hashemi-Rafsanjani has said: There is no obstacle to cooperation between Iran and China. We are determined—both Iran and China—to promote these relations. [end recording]

West Europe

Li Peng Welcomes Spanish Prime Minister Gonzalez

OW1102035493 Beijing XINHUA in English 0326 GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—Chinese Premier Li Peng expressed the conviction here this morning that Spanish Prime Minister Felipe Gonzalez's four-day official visit to China will be very successful.

Li made the remark at the start of the talks with his Spanish counterpart in the Great Hall of the People.

Gonzalez arrived here yesterday evening.

The two leaders expressed pleasure on meeting again, just one year after their meeting in Spain.

On behalf of the Chinese Government and people, Li extended a warm welcome, saying he believed that Gonzalez's visit will be "tremendously successful in promoting Sino-Spanish relations and friendship, particularly in terms of economic and trade cooperation."

The Spanish prime minister, speaking of his impression about China, said the country has undergone enormous changes since he last visited Beijing in 1985.

Prior to the talks, Li presided over a ceremony in the Great Hall of the People to welcome the Spanish prime minister and his entourage.

Present at the ceremony were Vice-Chairman Fei Xiaotong of the Standing Committee of China's National People's Congress, State Councillor and Foreign Minister Qian Qichen, and Minister of Posts and Telecommunications Yang Taifang, who is chairman of the Chinese Government reception committee.

At press time, the talks are still going on.

Li, Gonzalez Hold Talks

OW1102142893 Beijing XINHUA Domestic Service in Chinese 0812 GMT 11 Feb 93

[By reporters Zhou Shuchun (0719 2885 2504) and Wen Jihua (2429 4949 5478)]

[Text] Beijing, 11 Feb (XINHUA)—State Council Premier Li Peng and Spanish Prime Minister Felipe Gonzalez held talks this morning for nearly two hours at the Great Hall of the People. They exchanged opinions on bilateral relations, and international and regional issues of common concern. Premier Li Peng held that Prime Minister Gonzalez's current visit to China will definitely enhance Sino-Spanish friendship as well as promote economic and technological cooperation between the two countries.

Recollecting the occasion of his visit to Spain in February last year, Premier Li Peng said: "I am very happy that we are meeting again in Beijing after a lapse of one year." He said: Prime Minister Gonzalez's visit coincides with the 20th anniversary of the establishment of Sino-Spanish diplomatic relations. He held that the visit will make new contributions to promoting friendship between the Chinese and Spanish peoples, and expanding bilateral cooperation, particularly economic and technological cooperation.

Li Peng expressed satisfaction over the smooth development of relations between the two nations since Prime Minister Gonzalez visited China in 1985. He pointed out: China and Spain have no fundamental conflict of interests [gen ben de li hai chong tu 2704 2609 4104 0448 1364 0394 4499], and share many common points in international affairs. It conforms with the interests of the two peoples to maintain the momentum in political, economic, and scientific and technological cooperation.

According to Chinese officials who attended the meeting, Prime Minister Gonzalez said: "When I visited China in 1985, I said that Spain was willing to participate in China's economic construction. I have brought a large and important delegation of entrepreneurs with me this time. This is clear proof of Spain's great interest in developing Sino-Spanish economic cooperation.

Gonzalez said that he has seen with his own eyes the notable development of China's economy during his current visit. China's development has a significant influence not only on China itself, but also to the world.

Li Peng said: "China has implemented reform and opening up to the outside world for 14 years, and we will continue to promote the process of reform and openness for the greater development of our country's economy. China will definitely continue to expand its foreign economic cooperation in the years to come." He also gave a briefing to his guest on three major forms of China's economic cooperation with Western countries: 1. Using buyer credit provided by foreign countries. 2. Establishing wholly-foreign-funded enterprises and

jointly-funded enterprises. 3. Purchasing required commodities with domestic foreign currency reserves.

He said: "We will further expand the spheres for foreign investment and welcome investment not only in basic industries but also in other spheres the two sides are interested in. We welcome cooperation not only in large-sized projects, but also in medium- and small-sized projects. China will open its market wider."

While giving a briefing on China's relations with the European Community, Li Peng said: Twists and turns [bo zhe 3134 2124] emerged in China's past relations with the EC. However, relations have now been notably restored and improved through the joint efforts of the two sides. China attaches importance to developing friendly and cooperative relations with the EC and its member nations. The development of long-term, stable, friendly, and cooperative relations between China and the EC not only benefits the two sides, but will also be conducive to safeguarding world peace.

Gonzalez said: Spain is willing to continue its efforts in promoting relations between the EC and China. Meanwhile, Spain supports the restoration of China's status as a signatory nation in the General Agreement on Tariffs and Trade.

During the meeting, Gonzalez also gave a briefing on Spain's economic development and the development of the EC.

According to officials of the Ministry of Foreign Affairs, the talks were held in a "friendly and warm atmosphere." Participating in the talks were Qian Qichen, state councilor and minister of foreign affairs, Yang Taifang, minister of posts and telecommunications and head of the Chinese Government Reception Committee, and principal officials accompanying Prime Minister Gonzalez.

Before the talks, Premier Li Peng presided over a ceremony at the Great Hall of the People to welcome Prime Minister Gonzalez to China.

'Friendly, Warm Atmosphere' Noted

OW1102091493 Beijing XINHUA in English 0853 GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—Chinese Premier Li Peng and Spanish Prime Minister Felipe Gonzalez conferred for nearly two hours here today on bilateral relations and international and regional issues of mutual concern.

In the talks, which proceeded in what a Chinese official described as "a friendly and warm atmosphere," Li noted that Gonzalez's visit coincides with the 20th anniversary of the establishment of Sino-Spanish diplomatic relations.

Li expressed the conviction that the visit will make a fresh contribution to promoting the friendship between

the Chinese and Spanish peoples and expanding bilateral cooperation, particularly economic and technological cooperation.

After voicing satisfaction with the smooth growth of Sino-Spanish ties since Gonzalez visited China in 1985, Li said the two countries have no fundamental conflicts of interests and share many common points in international affairs. Therefore, he added, "it conforms with the interests of the two peoples to maintain the thrust of development in political, economic and scientific and technological cooperation."

Gonzalez, recalling his statement made on his visit to China in 1985 that Spain would like to be involved in China's economic construction, said China had achieved marked economic development since then. The development of China is significant not only to the country itself, but also to the world at large as well, he said.

This time, he added, a large and important delegation of Spanish entrepreneurs has come with him, a fact he said clearly manifests Spain's great interest in developing economic cooperation with China.

Li, in an account of China's relations with the European Community (EC), said that such ties once suffered setbacks, but have enjoyed marked restoration and improvement under the joint efforts of the two sides.

China attaches importance to developing friendly cooperative relations with the EC and the EC member nations, he said, adding that a long-term and stable relationship between China and the European Community not only benefits the two sides, but will also be conducive to safeguarding world peace.

Gonzalez said Spain is ready to continue working for the promotion of Sino-EC relations. Meanwhile, he added, Spain supports the restoration of China's status as a signatory nation in the General Agreement on Tariffs and Trade (GATT).

Gonzalez briefed Li on Spain's economic development and the prospects of the European Community.

Beijing To Expand Foreign Investment

OW1102093593 Beijing XINHUA in English 0908 GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—Chinese Premier Li Peng, holding talks with Spanish Prime Minister Felipe Gonzalez here today, said China will further expand the areas for foreign investment.

China will continue to push forward the process of reform and opening, so as to seek greater economic development, and the country's foreign economic cooperation is bound to expand in the future, he said.

Li cited the three major forms of China's economic cooperation with Western countries: using buyer's credit

provided by foreign countries; setting up wholly-foreign-funded businesses or joint ventures; and purchasing needed commodities with domestic foreign currency reserves.

In expanding the areas for foreign investment, Li said, "We welcome foreign investment not only in infrastructure industries, but also in other spheres of common interest. And we welcome cooperation not only for big projects, but also for medium and small projects."

The Chinese market will be more open to the outside world, he said.

Madrid Radio on Talks

LD1102103393 Madrid RNE-1 Radio N:work in Spanish 0800 GMT 11 Feb 93

[Excerpts] Prime Minister Felipe Gonzalez held talks last night in Beijing with Chinese Prime Minister Li Peng. The prime minister expressed the Spanish Government's interest in the changes taking place in China. Special correspondent Alfonso Sanchez reports:

[Sanchez] [Passage omitted] Foreign Minister Javier Solana informed journalists of the meeting held between Felipe Gonzalez and his counterpart, Li Peng. During the meeting Gonzalez offered to support China's request to join GATT and Beijing's bid to host the Olympic Games in the year 2000.

Li Peng told Felipe Gonzalez of his concern of the image the rest of the world has of China. He also informed Gonzalez of China's continued economic growth which could make it supreme in a few years' time. In this connection Li Peng said that his government only seeks improvement in per capita income.

Li Peng Hosts Banquet

OW1102143793 Beijing XINHUA in English 1422 GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—Chinese Premier Li Peng hosted a banquet in honor of visiting Spanish Prime Minister Felipe Gonzalez and his party at the Great Hall of the People here this evening.

Prior to the banquet, Li Peng and Gonzalez met with chief guests of honor at the banquet. Spanish Foreign Minister Javier Solana; Minister of Industry, Commerce and Tourism Claudio Aranzadi, and other Spanish guests attended both the meeting and the banquet.

Among those present on the Chinese side were Vice-Premier Tian Jiyun, Vice-Chairman of the Standing Committee of the National People's Congress Fei Xiaotong, State Councillor and Foreign Minister Qian Qichen and other officials. This afternoon, Qian Qichen met with his Spanish counterpart Solana. The two sides exchanged in-depth views on the roles of the United Nations and its Security Council, the situation of former Yugoslavia, the Middle East and other issues of common interest.

Also in the day, He Guangyuan, Chinese minister of machinery and electronics industry, met with Aranzadi. They discussed the ways to further enhance the friendly ties of cooperation between the two countries.

East Europe

Albanian Foreign Minister Leaves for China
OW1102015893 Beijing XINHUA in English 0124
GMT 11 Feb 93

[Text] Tirana, February 10 (XINHUA)—The importance of developing bilateral ties was stressed by Foreign Minister Alfred Serreqi when he left here today for an official visit to China.

He had been invited by his Chinese counterpart, Qian Qichen, for this first visit by a senior Albanian Government minister since April 1992 when the new government was formed here.

Serreqi told XINHUA: "We are delighted to watch the economic and political development in China... and we are also aware of the role China is and will be playing in world affairs in the last few years of the 20th century.

"Although Albania and China are far apart, we see it as very important to develop our bilateral ties in the political, economic and cultural fields."

Political & Social**Deng Reportedly 'Still' in Shanghai**

HK1102085193 Hong Kong MING PAO in Chinese
11 Feb 93 p 2

["Special article" by staff reporter: "Deng Xiaoping Admonishes Senior Officials Not To Lose Favorable Opportunity for Development, and CPC Leadership Avoids Mentioning Overheated Economy"]

[Text] According to reliable sources in Beijing, in the Lunar New Year period, Deng Xiaoping uttered some remarks in Shanghai, pointing out that China must not lose the opportunity for development. This was directed at the argument that China's economic development was getting overheated. After Deng uttered the remark, CPC leaders and major mass media changed their tune and no longer mentioned anything about "overheated" economy. This further promoted the process of reform and opening up in China. At the Eighth National People's Congress session to be held next month, the "Government Work Report" will also avoid using the term "preventing overheatedness."

According to the sources, on the evening of 22 January (the eve of the Lunar New Year), Deng Xiaoping gave a talk. Although he praised the party central leading body with Jiang Zemin as the core for "doing a good job" and "being trustworthy"; in private, Deng expressed concern over the situation of making no substantial progress in reform and opening up after the 14th party congress. In his talk, he expressed discontent with the central leaders' repeated emphasis on the need to "prevent economic overheatedness" in a certain period.

In his talk, Deng Xiaoping said: "It is hoped that you will not lose the opportunity. For China, there are not many opportunities for major development. Being different from other countries, China has its unique conditions. For example, we have tens of millions of patriotic compatriots living overseas, and they have made great contributions to the motherland."

According to sources, what Deng actually said was more stern than what was made public by the mainland mass media. His words were aimed at admonishing the decision-making leaders in the party Central Committee and influencing the draft of the "Government Work Report." The words about the patriotic overseas compatriots were aimed at urging the authorities to further expand opening and introducing overseas investment. However, after Deng gave the talk, the mainland mass media mainly reported that Deng extended New Year greetings to the residents of Shanghai.

In view of the fact that some people called for drawing a lesson from last year's excessive economic growth, Deng pointed out: "Of course, it is necessary to look back after taking a step ahead. Attention should be paid to keeping things stable and preventing losses, especially major losses. It does not matter if minor losses are incurred.

The mistakes can be corrected, and a useful lesson can be drawn." He also wished Shanghai to "go all out for another year to brave winds and waves and advance steadily, thus mounting to a higher level by overcoming difficulties." This showed that Deng did not agree with the opinion about "overheated economy."

According to sources, Deng Xiaoping is now still staying in the western suburbs of Shanghai. From outward appearances, Deng's health may be poorer than last year, but his head remains sober and he still thinks clearly. This is rarely seen among people at such an advanced age. Moreover, Deng is clearly and promptly informed of the situation in the outside world.

After Deng gave the talk, Beijing did not actively publicize it, but the central leaders obviously changed their tune when speaking on public occasions. They no longer mentioned "preventing overheatedness." For example, a special report by ZHONGGUO TONGXUN SHE on Monday [8 February], entitled "Zhu Rongji Discusses China's Market Economy," quoted the vice premier as saying: At present, China's economy is "developing healthily" at a rather high speed. He said that the current economic situation was the result of the latent energy accumulated in the course of reform and opening over the previous 10-plus years changing into kinetic energy.

Reportedly, local officials in Shanghai, Shandong, and Guangdong and official mass media there also openly indicated that "overheatedness" did not exist in their local economies. Various major mass media in Beijing received instructions on avoiding using the term "overheated economy." Recently, Beijing's JINGJI RIBAO carried lengthy articles to explain why the Chinese economy was not "overheated."

At present, the official organs have adopted the following new words: It is necessary to solve such problems as disorder in the real estate market and excessive development zones in some localities, but the overall economic situation is not "overheated."

Even so, the sensitive economists and intellectuals in Beijing are still impatient of the boring situation after the 14th party congress and the perfunctory attitude of the incumbent central leaders toward Deng's talk. They hold that the CPC central leadership are using the mentality of the planned economy to practice a market economy. Jiang Zemin called for "emancipating thinking and seeking truth from facts," and this was appreciated by Chen Yun. This was in fact an attempt to keep a balance between conservativeness and raising the growth rate. Here, "seeking truth from facts" was the synonym of slowing down the growth rate.

It is learned that to create support for Deng's talk in Shanghai and to give impetus to current economic development, a number of famous economists, including Tong Dalin, Wu Jinglian, and Wu Mingyu, will attend a large-scale symposium held by the World Observation Research Institute tomorrow, and they will urge the

party Central Committee and the State Council to quicken the pace of reform and opening up.

In addition, it is said that this year, no state councillor will be appointed in the State Council, but more vice premiers will be appointed. There will be major personnel changes among the current state councillors. Li Guixian, president of the People's Bank of China, is very likely to step down. People will still wait and see whether the debate about "economic overheatedness" may lead to any high-level personnel changes.

Deng Death Rumor Attempt To Manipulate Stocks

HK1102040093 Hong Kong WEN WEI PO in Chinese
11 Feb 93 p 40

[Article from "Sze Hsuan's World" by Sze Hsuan (1835 2467): "Ever-Changing Market"]

[Text] As the old saying goes: World affairs, like chess games, are always changing and one must not view matters and the development of the world with a fixed concept. Sometimes you might expect a matter to develop in a certain way but it could end up totally different. Especially in the investment market, full of fast, unexpected, exciting changes, all kinds of curious and wicked plots are always frustrating the numerous "heroes" who regard themselves as infallible.

Political factors have been disturbing the stock market these days. A number of people who regard themselves as close to "high-level" sources have been extremely pessimistic about the market trend, some even expecting the stock market index to drop below 5000 points.

Last week, the "constitutional reform" package was passed to the [Hong Kong] Executive Council for "discussion and examination." Right at that moment, Director Lu and Director Zhou were both in Guangzhou meeting with Hong Kong affairs advisers. While the two events were having a great impact in the political arena, the stock market was as quiet as a stagnant pool with everybody watching the situation with bated breath and not daring to take any action.

However, some speculators began to sell off "options" without hesitation. They did not expect that big investors would prop up options soon after the opening of the market this week and cause the stock market index to rise dramatically by 100 points. As a result, those who sold out "options" suffered great losses. To pull down the "options" price level so that they could buy them back at a lower price, those losers spread unfavorable rumors to frustrate the stock market. So the rumor was heard in the stock market that Elder Uncle Deng had left to join Mr. Marx.

In fact, His Excellency Deng has been staying in Shanghai since his arrival there before the Spring Festival. East China's development is now the top priority on which central leaders are focusing their attention.

Since His Excellency Deng is now giving his personal support to this project, the public will be concentrating their attention on east China, particularly on Shanghai, and the achievements made there will certainly be astonishing. By the way, winter in Shanghai, which is comparatively warm and not so dry as in Beijing, is more suitable for the aged. At present the Chinese authorities are actively fostering successors of the third generation. In fact, one of the greatest achievements by the 14th CPC National Congress was the selection of candidates for successors. A team of outstanding state leaders will guarantee the stability and prosperity of the nation. Many international investors with foresight are well aware of this. Many investment fund managers are taking the opportunity to secretly buy in stocks at lower prices because they are optimistic about the future development and rapid economic growth of China in the long term and they believe that Hong Kong will be the first to benefit from this trend.

Deng Xiaoping 'In Very Good Health'

HK1102120693 Beijing XINHUA Hong Kong Service in Chinese 1140 GMT 11 Feb 93

[Text] This reporter has learned from relevant quarters that Deng Xiaoping is in very good health. Talk spreading over the past few days from the stock markets of Hong Kong and Taiwan about Deng Xiaoping's health are purely rumors fabricated by people with ulterior motives.

Student Jailed for Seeking Tiananmen Trial

HK1102123593 Hong Kong AFP in English 1124 GMT 11 Feb 93

[Text] Beijing, Feb 11 (AFP)—The Chinese authorities have jailed a student dissident in Hubei province for demanding that the "murderers" behind the 1989 Tiananmen Square crackdown be brought to trial, sources said Thursday [11 February].

Yu Zhuo, a 24-year-old graduate student at Wuhan Polytechnic College, was arrested September 3 and has been held for more than five months without being officially charged, Yu's father said in an appeal for his release.

A college security official contacted by telephone confirmed Yu's detention, but referred detailed questions to the Wuhan Public Security Bureau. The bureau declined to comment over the phone. "At this point we don't know his situation," the college official said. "The public security bureau knows what's happening."

Yu's father, Yu Mingchu, sent the four-page written appeal to central and provincial government and communist party organs, but has received no reply. Yu was jailed in Wuhan after he put up some 30 slogans at Central China Normal University around last June 4 to commemorate the third anniversary of the crackdown on the pro-democracy movement, the appeal said.

"Put the Chief Murderers on Trial" and "Blood Debts Must Be Paid for in Blood" were two slogans. Others called for an amnesty for political prisoners, allowing exiles to return, and support for the families of June 4 victims.

Under Chinese law, the period for holding a suspect in custody for investigation should not exceed three months. But Chinese held for political offenses have often been held for longer.

"I really don't know when this behavior that clearly violates human rights will come to an end," Yu's father wrote. "Only when historical obstacles have been cleared away can there be an atmosphere of unity, openness and reform," he added, calling for a reversal of the verdict on the 1989 protests as a "counter-revolutionary rebellion."

Yu took part in activities organized by Wuhan student leaders during the 1989 protests and was denied a diploma as a result, the appeal said. It demanded that the Wuhan Public Security Bureau end its investigation of Yu and release him "as soon as possible" and called on China's legislature and party legal organs to bring pressure to bear on the police.

Dissident Journalist Dai Qing Returns Home

HK1102122193 Hong Kong AFP in English 1050 GMT 11 Feb 93

[Text] Beijing, Feb 11 (AFP)—Chinese dissident journalist Dai Qing has been allowed to quietly come home to live and she said Thursday [11 February] she would campaign to be reinstated at a major communist party newspaper.

"The government says that everyone is welcome to return. So I'm back and I hope they abide by that spirit," Dai said. Dai returned February 2 after completing a year-long fellowship at Harvard University in the United States. The smooth entry was in sharp contrast to her controversial 2-1/2 month return last summer, when she was initially barred.

The energetic 50-year-old former columnist for the GUANGMING DAILY [GUANGMING RIBAO] said she was told by the paper that it would study her request to have her job back, but had so far refused to agree to a meeting. "I'll call them once a week until they give me an answer," she said.

Dai was active in the 1989 Tiananmen Square pro-democracy movement and was jailed for 10 months for allegedly slandering the government and belonging to an illegal organization. Probably the best known woman journalist in China, Dai said the authorities had not bothered her when returning this time.

"The situation now is very good," Dai said, referring to the acceleration of China's market reforms. "Economic reform," she said, "would form a basis for political reform." "But I still have other rights, the right to work and the right to freely publish my works," she added.

A government order after the Tiananmen crackdown banning Dai's works from being published in China is still in effect. GUANGMING DAILY also required her to quit her job before leaving to take up a Neiman Fellowship at Harvard. Dai called for the repeal of the ban, saying it was issued under abnormal circumstances.

She also said that revisions to the Chinese Constitution were necessary, including removing principles that enshrine the communist party's monopoly on power. Such principles were "inappropriate to write into law," she said, adding however that she would "pay attention" to them.

Vitality 'Stems From' Decentralization of Power

HK1102101093 Beijing RENMIN RIBAO in Chinese 10 Feb 93 p 4

["People's Forum" article by Li Dianren (2621 3013 0088): "Vitality Stems From Streamlining of Administration and Decentralization of Power"]

[Text] As everyone knows, there were "special policies" and "stipulations on decentralization of power" in ancient China for the "generals outside the capital who were not restricted by the emperor's order." It was aimed at ensuring the lower levels to think independently in connection with reality and make prompt decisions. Since that time, many war dramas were performed which spread through the ages. The enterprises and armies of some countries have also practiced the method of "entrusted command" for the sake of giving full play to the functions of the "outer brain" and arousing the enthusiasm and creativity of their subordinates. Similarly, enlightened policies are implemented and powers are delegated to encourage the lower levels to use their brains, go all out to display their talent, and to vigorously fulfill their tasks. Undoubtedly, this way of delegating powers is a good policy in which we can gain two ends at once. In a sense, the great achievements of reform and opening up are dependent on this policy. As said by the masses from the bottom of their hearts: "With correct policies, the masses are full of vigor and vitality."

"Centralization" is opposite to "decentralization." If there is too much centralization, it will restrain people's thinking, bind their hands and feet, and restrict their enthusiasm. If there is too much decentralization, things will drift and be in a state of disunity. The criterion of "three advantages" proposed by Comrade Xiaoping should be followed in either "decentralizing" or "centralizing" powers. It should be noted that the main problem at present is not "excessive decentralization" but that the central authorities had not delegated enough authority to local administrations and to the people. Many rules and regulations are in many ways impeding the development of the socialist cause. Therefore, we should be bolder in decentralizing power.

Streamlining of administration and decentralization of powers manifest the party's mass line and constitute an

effective measure for mobilizing the masses and discovering talented people. The masses of people are the source of our power and foundation of victory. To fully display the wisdom and strength of the masses, we cannot simply make oral statements. The key lies in delegating powers. As a matter of fact, many difficult things are easily resolved by mobilizing the masses. Sometimes things which the cadres have not yet thought of have already been well thought out in the minds of the people. The people usually lack the right to speak and make decisions rather than methods and strength. When the masses are given the powers, are trusted and respected by leaders, and get the opportunity to display their talent, they will lose no time to bring their enthusiasm and creativity into full play. Talented people are the key to the success or failure of our cause. In a large country like ours, which has a population of 1.1 billion, we have talented people and the means for training them. But we do not have an environment for them to display their talent. The great practice of reform and opening up over the past 14 years has proved that policies constitute a political atmosphere. With correct policies, we can have a suitable climate and all kinds of talented people can have the big stage to display their talent. When man's value can be fully manifested, our cause will flourish and we will have a reliable guarantee for "unswervingly upholding the party's line for 100 years." Letting people take part in politics, talk about politics, and fully exercise the rights and duties of masters of the country will not only promote party-mass and cadre-mass relationships, but will also raise the party's prestige, strengthen party leadership, and turn the Party's basic line into the conscious action of the masses.

As streamlining of administration and decentralization of power is a fruitful good policy for administering the country, leading cadres at all levels should try to use their brains and do more work in this regard.

Wei Jianxing on Studying CPC Congress Documents

OW1102021493 Beijing XINHUA Domestic Service in Chinese 0831 GMT 10 Feb 93

[Text] Beijing, 10 Feb (XINHUA)—At a meeting today in Beijing to report on thoughts about studying the 14th CPC National Congress guidelines, a meeting attended by leading cadres of party and government organs, Wei Jianxing, member of the Political Bureau and the Secretariat and secretary of the Discipline Inspection Commission of the CPC Central Committee, said: In the coming year, we should—in accordance with the central authorities' arrangements and based on the guidance by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line of "one center, two basic points"—implement the 14th congress guidelines actively, comprehensively, and correctly to advance reform, opening up, and construction more expeditiously while continuing to pay close attention to the promotion of party building.

Wei Jianxing's report is divided into three parts: 1) understand our great party correctly in light of the magnificent practice over the past 14 years, recognize the achievement and progress in party building, and enhance the confidence in further improving the party; (2) strengthen and improve party building under the guidance of the theory on building socialism with Chinese characteristics and in accordance with the goal, policies, and principles set by the 14th national party congress; and (3) strive to implement the tasks of party building decided by the 14th national party congress, and push the work of party building to a new height.

Wei Jianxing said: In the past 14 years, the great CPC has led and tempered itself in the magnificent practice of construction and reform. The party has greatly advanced ideologically, politically, organizationally; and in its style, becoming more mature, energetic, combat-ready, and strong. The ideological line of emancipating minds and seeking truth from facts has been revived, upheld, and developed throughout the party. The most significant achievement of the party's ideological and theoretical construction is the formation of the theory on building socialism with Chinese characteristics and the establishment of the theory's position as the guide for the entire party. The most significant progress of the party's political construction is the formulation and persistent implementation of the correct line of building socialism with Chinese characteristics. A major improvement of the party's organizational construction is the presentation and implementation of the policy of making the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent, which has provided a solid organizational guarantee for implementing the party's basic line. Inheriting and carrying forward the party's fine traditions and styles, attaching great importance to making policy decisions scientifically and democratically, consistently paying attention to improving party style and promoting clean administration, and forging close ties between the party and the masses in the milieus of reform and opening up are the main features of party building in the new era.

Wei Jianxing emphasized: The 1990's is a crucial period for China's reform, opening up, and modernization construction; as well as for building up our party. The new situation and tasks have continually placed the party through severe tests during its progress. Whether we can push party building to a new height has a direct bearing on the consolidation of the socialist system and on the success of the cause of socialist modernization construction. In strengthening and improving party building under the new situation, we must, in accordance with the 14th national party congress guidelines, persist in taking Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as our guide in grasping several cardinal issues for guiding our work—namely, striving to build the party into a stronger leadership core that unites and leads the masses in building socialism with Chinese characteristics; building up the

2d National Crime Reporting Meeting Opens
OW1002162593 Beijing XINHUA in English 1452
GMT 10 Feb 93

[Text] Shenzhen, February 10 (XINHUA)—Crime reporting centers have been playing an increasingly important role in China's anti-corruption drive.

Evidence of this trend was reported at the Second National Crime Reporting Work Meeting of the people's procuratorates at various levels, which opened today in Shenzhen, a special economic zone in south China's Guangdong Province.

Since 1988, procuratorial organs across the country have handled over 1.406 million crime clues offered by crime reporting centers, an increase of 57.6 percent when compared with the total number of the previous five years.

The first crime reporting center was set up by the Shenzhen procuratorate in March of 1988. Over 3,600 crime reporting centers and similar organizations have since been established throughout the Chinese mainland.

Of the million-plus clues gathered through crime reporting, evidence on such economic crimes as corruption and bribery make up 81.4 percent.

Officials at the meeting said that such reporting work has effectively helped anti-corruption departments quickly find and punish those guilty of corruption and bribery as the country's economic construction becomes more and more heated.

For instance, major economic crime cases placed on file for investigation and prosecution with the help of crime reporting centers have reached over 41,000, and account for 71.3 percent of the total.

Procuratorial organs across the country have also worked hard to protect crime reporters, while seriously dealing with trumped-up cases during crime reporting.

Procuratorial departments in provinces including Jiangsu, Anhui and Hubei have cooperated with local financial departments and worked out regulations on rewarding those making contributions to crime reporting work.

Over the past five years, procuratorial organizations across China have awarded 5,917 people with over 1.4 million yuan for meritorious crime reporting work.

'High Tide' of Peasants Entering Cities Predicted
HK1102021793 Hong Kong CHING CHI TAO PAO in
Chinese No 4, 1 Feb 93 p 24

[From the "China Economic News" column]

[Text] On the whole, the rural policy will not experience much change this year and agricultural production will

develop steadily. Yet noticeable changes will take place in the following three respects.

First, big steps will be taken to bring rural China toward the market economy. Beginning this year, many localities will stop prescribing plans for planting and growing, so what to grow and what not to grow will be decided by peasants entirely on their own accord. On the other hand, with the development of the urban economy, especially that of the tertiary industry, a large number of peasants will enter cities. This will be aggravated by the fact that "buying urban residential status" is still going on overtly or covertly in some localities. As a result, this year will witness another high tide of peasant population entering cities.

Second, the problem of peasants' burden will be tackled as an outstanding issue. The State Council has made up its mind to do its utmost and take tough measures to solve the problem of "issuing IOUs" and arbitrary apportioning of expenses this year. Some local officials who fail to pull their weight in handling these things will probably be accorded punishment.

Third, township and town enterprises will rise in central and western China. Many places in central and western China have by now obtained a positive understanding of township and town enterprises and will adopt measures to propel the development of township and town enterprises there.

Economic & Agricultural

Official Denies Currency Devaluation Rumor
OW1102092893 Beijing XINHUA in English 0910
GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—A strong denial today that China is about to sharply devalue the renminbi [RMB].

It came from Yang Gonglin, a spokesman for the State Administration of Exchange Control, and follows speculation triggered by the rising value of the U.S. dollar against the RMB since last spring.

"The rumored sharp devaluation of the renminbi is groundless," said Yang. "China will not make a drastic readjustment of the exchange rate of renminbi in the foreseeable future."

In an interview with XINHUA, Yang said there were even rumors that the central authorities have already decided to set the yuan at 15 to 1 against the U.S. dollar on China's anticipated resumption of the General Agreement on Tariffs and Trade (GATT) membership.

"Such sayings are irresponsible and totally groundless," said Yang.

He said that although China strictly controlled the exchange rate, it was trying to let the market play a decisive role in determining the currency's value.

"In our progress to build a market economy, we will not resort to administrative measures to set an exchange rate on the open market, which can only mean a regression from on-going economic reform," Yang said.

He admitted that China had depressed the official exchange rate since the state adopted a floating exchange rate system in April, 1991.

However, the devaluation was not great and had been done gradually through minute adjustments.

"The devaluation is necessary to get the exchange rate closer to RMB's real value, and is compatible with the changes on the international market," Yang said.

On the rising price of the U.S. dollar at the foreign exchange swap centers, he said the cause was rather complex and there were some "abnormal" factors.

While it was true that the demand for imports and hard currencies was strong as a result of economic expansion since last spring, some local governments and enterprises had used their autonomy to expand imports outside the state's plans.

Some individuals and enterprises were flooding the exchange markets to buy U.S. dollars out of fear that the value of RMB would drop sharply after China rejoins GATT. This had helped drive up the price of the U.S. dollar.

Other people taking advantage of the trend to engage in illegal trading of hard currency made the value of the RMB drop further, Yang noted.

China's terms of trade remain good and the state's foreign exchange reserves continue to grow. The national economy is continuing to develop at a fast rate and the rate of inflation is relatively low.

"All these factors constitute a solid basis for a stable RMB exchange rate," said Yang.

With the central government's caution against a possible overheating of the economy and measures to strengthen macro-economic control, the pressure on the foreign exchange swap market caused by abnormal factors will gradually ease, said Yang.

"The RMB's value will rise and the exchange rate between the yuan and the U.S. dollar on the open market will return to normal," Yang said.

'Special Article' Rejects Rumors

HK1102105093 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0830 GMT 8 Feb 93

["Special article" by reporter Hong Wen (3126 2429)]

[Text] Hong Kong, 8 Feb (ZHONGGUO TONGXUN SHE)—Recently, relatively large fluctuations in the exchange rate of the renminbi [RMB] have had a certain impact on the foreign exchange market, the stock market, and company profit estimates. However, as

some figures in financial circles in China and Hong Kong said, the RMB depreciation was merely a short-term readjustment; and the so-called possible drastic drop in the RMB exchange rate was even an exaggeration.

Zhao Chengan, president of the Bank of China Group Securities Company Limited, said: Coming to the conclusion that the RMB will keep depreciating at the present stage is quite exaggerative and lacks sufficient proof. Chim Pui-chung, [Hong Kong] legislative councillor representing the financial services sector, said: Viewed from the angle of international trade, if the RMB depreciates drastically, trade friction between China and foreign countries will be inevitably intensified; at present, the original trade issues between China and the United States have not been settled yet, so it is believed that China will not be anxious to change the RMB exchange rate.

According to analysis of financial people, there are three major factors contributing to the recent fluctuations in the RMB exchange rate: First, China wants to expedite the pace of reentering GATT; second, overheated credit investment and a rapid increase of imports last year has brought about inflationary pressure; and third, this is a normal readjustment of the currency value, through the development of market demand and supply, in the process of China's marching toward a market economy.

Hence, some officials from China's financial and trade departments pointed out: It should not be seen as too strange that the RMB depreciates at a stage of readjustment. However, they think that this phenomenon will not continue, but rather may rebound within the year as the economy develops.

In fact, the new economic and monetary policies implemented in China at present will, in the long run, play an active role in stabilizing the exchange rate. First, the People's Bank has begun to tighten credit, including controlling money supply to prevent an overheated economy; second, the authorities are, on the one hand, studying measures to intensify the fight against activities of black market foreign exchange speculation, and, on the other, considering allowing private individuals to change foreign currencies at the readjusted foreign exchange center [wai hui tiao ji zhong xin 1120 0565 6148 0495 0022 1800]. In addition, from next month, people entering and leaving China will be able to bring in and take out a certain amount of RMB, which also reflects China's confidence in stabilizing the exchange rate.

It is generally believed that the speed of depreciation of the RMB exchange rate against the U.S. dollar will be contained as China's economic development and monetary policy are stabilized. Moreover, the Chinese Government will pay close attention to developments in this respect and readjust countermeasures to enable the RMB to be more stable amid appropriate readjustment.

Restrictions on Commodity Importation Eased

HK1102032293 Hong Kong CHING CHI TAO PAO in Chinese No 4, 1 Feb 93 p 24

[From the "China Economic News" column]

[Text] The Ministry of Foreign Economic Relations and Trade has announced its decision to ease restrictions on the importation of certain commodities.

The announcement said that as of 31 December 1992, the ministry abolished the system of issuing import permits and import quotas for importation of instant-cameras, eased restrictions on the importation of oscilloscopes, and instituted a registration system for such imports. Moreover, the ministry also abolished the system of issuing import quotas for the importation of digitally controlled telephone exchanges and instituted a system of purchasing telephone exchanges utilizing international bidding, as well as a system of completing the relevant importation procedures according to the results of the international bidding activities and relevant feasibility study reports. In addition, the ministry also abolished the system of issuing import quotas for importation of instant-photo sensitive materials.

Establishment of Development Zones Slows

OW1102021393 Beijing XINHUA in English 0203 GMT 11 Feb 93

[Text] Beijing, February 11 (XINHUA)—Chinese economists have warned local governments to work within their capabilities in establishing economic and technological development zones.

One of the major measures taken by China since opening up the country has been the establishment of development zones in 14 coastal cities.

Following the establishment of the Beijing new technology development zone in 1988, more high-tech development zones also took shape in other parts of the country.

By the end of 1992 China had set up 16 economic and technological development zones in urban areas and opened 52 high-tech development zones.

There were also more than 2,000 provincial, municipal and county level development zones.

These zones, many of which proved to be profitable, have played an important role in introducing foreign funds, promoting the transformation of China's traditional industries and boosting local industrial production as well as applying new technology in production.

However, over-heated tendencies also exist with the result that some development zones are lying idle.

An increasing number of people have realized that development zones need a good investment environment and convenient traffic, information and working efficiency.

Some provincial and municipal governments have started to adjust the opening of development zones. For example, Benxi in northeast China's Liaoning Province, has decided to close down two development zones while East China's Anhui Province has closed all township development zones and returned the land to farmers.

State economic departments have urged local governments to set up development zones in accordance with the principles of good economic returns and implementing strict approval procedures.

Officials with the Ministry of Agriculture said that up to now more than three million hectares of land have been used in establishing various development zones, 80 percent of which was farmland.

As a result, a series of measures are expected to be taken to protect farmland.

Tax Evasion 'Well Over 100 Billion Yuan'

HK1102005293 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0832 GMT 8 Feb 93

[Text] Beijing, 8 Feb (ZHONGGUO TONGXUN SHE)—The findings of China's state organs of taxation administration indicate that according to the most conservative estimate, the amount of tax evaded every year in China is well over 100 billion yuan.

It was learned that tax evasion in China has become a ubiquitous phenomenon. As far as the scope of tax evasion is concerned, at least 50 percent of state-run enterprises, 60 percent of collective enterprises, and over 80 percent of individual household traders and private enterprises are involved. Regarding personal income tax, state-run and collective enterprises account for over 80 percent of the total amount of tax evaded.

Concerned experts held that the major factor causing huge loss of tax payments is that various localities and departments, while implementing policies in their own way, do not have clear tax rules and are liable to oversights and omissions.

The huge loss of tax has become an important factor accounting for persistently high deficits in China.

Minister on Economic Restructuring in 1993

HK1102101493 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 4-5, 25 Jan 93 pp 3-4

[By staff reporter: "Chen Jinhua, Minister of the State Restructuring of the Economic System Commission, on the Focal Points of China's Economic Restructuring This Year"]

[Text] What are the main duties of China's economic restructuring in the new year? To answer this question, which is a general concern among the people, our reporters interviewed Chen Jinhua, minister of the State Restructuring of the Economic System Commission. What he said is summarized and collated below:

Firmly grasp implementation of the "Regulations," and give enterprises thorough decisionmaking power concerning operation.

The central task of reform in 1993 will still be serious implementation of the "Regulations on Changing Operation Mechanisms Within Enterprises Owned by the Whole People." Strictly based on the demands of the CPC Central Committee and the State Council, we will earnestly formulate concrete procedures for the implementation of the "Regulations" and other corresponding rules, and strive to announce all of them or a majority of them early this year. We will take effective measures to give enterprises decisionmaking power concerning every aspect of operation; the key point is to give them the power to decide on matters such as personnel management, recruitment of workers, internal distribution, organization, import and export in foreign trade, and the power to refuse appropriations. Enterprises should be courageous and skillful in using the legal weapons provided by the "Regulations" to safeguard their legitimate rights, cultivate a sense of competition, improve competitive ability, and actively and enthusiastically enter domestic and international markets. At the same time, we will continue to deepen internal reform of enterprises, give play to the function of the competition mechanism, strengthen operation management, and gradually establish new systems to recruit workers, appoint cadres, and distribute income.

With change of operation mechanisms within enterprises as the key point, properly carry out reform of the organizational and operational styles among enterprises, expedite the building of a system of new enterprises and the adjustment of the structure of enterprises.

In this area, four major tasks must be done well. First, take effective measures to further improve the contracted operation responsibilities system. Based on concrete conditions, enterprises whose contracts expire in 1993 may continue to practice the contract system or other operation styles. The enterprises with better conditions may actively pursue separation of profit and tax, and some may change their organization and practice the shareholding system. Enterprises which continue to practice the contract system must uphold the principle of separation of government from enterprises and, when improving the system of handing over contracted profits to the state, they must attach importance to maintaining and increasing the value of state-owned assets, and we will view it as an important content of assessment of the actual merit of enterprises. Second, on the basis of straightening out property right relations, try out the shareholding system among enterprises in a planned manner. As prescribed by the State Council's "Notice on

Further Strengthening Macrolevel Management of the Securities Market," examination and approval of experimental shareholding enterprises should be carried out by relevant departments and local governments according to the principle of division of labor based on role. The issuance and listing of shares must be strictly standardized, and pilot projects of issuing shares to the public should be carried out within the scale prescribed by the state. This year, the key point in the pilot projects of the shareholding system is to develop companies with limited liability; in a planned manner and under good leadership promote the organization of shareholding limited companies whose shares are held by legal persons; and improve standardizing work concerning the holding of shares by staff of shareholding enterprises. Some state-owned enterprises may try out corporatization management. Here, one point must be stressed, that is, the pilot projects of the shareholding system must make efforts to change the operation mechanisms within enterprises, and are not just for fund-raising purposes. The pilot projects must be carried out strictly according to the demand of standardization, and we should not rush headlong into mass action and pursue quantity. Pilot projects must be strictly examined and approved according to the fixed procedures, and there should not be a laissez-faire policy. The laws and regulations on the shareholding system and listing of shares must be earnestly formulated and perfected. Third, further expedite the adjustment of the organization and structure of enterprises, and improve economic returns. We will actively promote economic unity among enterprises based on their own discretion, perfect and develop enterprise groups, promote various kinds of merging of enterprises, and take corresponding measures to make progress in handling bankruptcy of enterprises according to law. At present, what we must say is that government departments should not use the excuse of establishing enterprise groups or companies to take over enterprises, change name plates for them, and exercise tight control over them. Fourth, some state-owned small industries, retail shops, and food service enterprises may be transformed, leased, or sold; some may change themselves into shareholding enterprises; some may change into collective, joint-venture, or private enterprises through auctioning of their properties; and some may practice long-term leasing.

Expedite price reform, and make marked progress in further straightening out price disparity and forming a reasonable pricing mechanism.

This year, we must grasp the good opportunity arising from the general balance between total supply and total demand to take a bigger step in price reform. The main thing is to promote price reform mainly by lifting restrictions. Here, one point needs to be stressed, that is, the faster the pace of price reform, the more careful organization it needs. We will do careful work, and fully consider various sides' ability to bear price adjustment and the weight of opening up. We will earnestly grasp the timing and environment for policy announcements.

adopt corresponding measures to maintain the general balance between total supply and total demand in the national economy, avoid a new round of inflation caused by price reform, and ensure that the major price reform measures which have a bearing on the overall situation can be smoothly implemented.

Emphasizing wholesale markets, means of production markets, and production factor markets, we will further construct and develop a united and open market system.

According to their own needs and possibilities, various localities should make efforts to build and perfect farm and sideline products wholesale markets, and earnestly solve the problems of difficulty in selling grain and cotton and in circulation. We will reform the system of placing orders for materials, and make key efforts to develop means of production markets. In particular, we will try out ways to organize new means of production markets. We will sum up and promote the experience in running materials allocation and dispatch centers, and the experience in running commodity exchange centers acquired by Shanghai, Shenzhen, Zhengzhou, and Suzhou; and develop long-term contracts and futures trading of commodities. We will step up the effort to formulate regulations on futures business; build management and supervision systems; gradually develop a number of futures brokers; and, corresponding to the reform in the areas of property rights, labor, finance, and price, actively train and continuously perfect capital, technology, labor, and real estate markets, while we perfect market regulations to standardize marketing and trading behavior. In the area of market development, the problems we have to tackle at this time are: We must develop open and unified markets according to the needs of market economy, resolutely oppose regional blockades and barriers between departments, and remove all obstacles hindering the flow of commodities and production factors; and we must develop perfectly functioning markets capable of employing the market mechanism to create a basic impact on resource arrangement, and refrain from developing markets which have strong department color and in which whoever exercises control reaps profits. Not only must we continue to make efforts to build those visible markets, but we must also pay attention to building a kind of real market relations, and make efforts to build production factor markets, improve market regulations, and promote marketization of economic relations.

Further reform the planned investment system, and explore a new style of planned guidance and a new investment style which meet the needs of socialist market economy.

The key point in the reform of the planning system is to reform the old, highly centralized administrative system characterized by guided planning and seek a basic change in planning concept, content, style, and method, as well as a way of planning and guidance which meets the needs of socialist market economy. It is necessary to reduce mandatory planning and continue to reduce the

proportion of mandatory plans for industrial production issued by the state. Regarding the important means of production and industrial goods which have achieved a basic balance between supply and demand and which have had their price control lifted, mandatory plans can be canceled; regarding the important means of production which have a bearing on the state's well-being and the people's livelihood regarding which the conflict between supply and demand has yet to be removed, and which have not had their price control lifted, mandatory plans may be further reduced; and regarding some commodities, on a trial basis, mandatory plans may be replaced by purchase orders placed by the state and by planned convergence of supply and demand guided by the state. Various localities and departments must reduce unnecessary planned targets, and at the same time strengthen plans of a forecast nature, of a guiding nature, and of a policy nature. When reforming the planning system, we must further reform the investment system. We must encourage local governments to invest in noncompetitive basic industries and public utilities. Regarding the decisionmaking power concerning investment in competitive industries, especially processing industries, it should be granted directly to enterprises according to the demands of the "Regulations," so as to enable enterprises to really become the mainstay of investors. We will establish a long-term financing policy and system, increase fund-raising methods and channels for state investment, and use more funds raised in society to run key state projects. We will establish as soon as possible a system of state investment funds which is standardized, stable, and constitutes a benign cycle. We will thoroughly promote the system of having the owners of projects take responsibility, and try out the system of investment by buying shares. At the same time, we will establish consultation systems, contracting systems, and a system of targets to serve projects.

Deepen the reform of the taxation system, centering on trying out the "revenue-sharing system" and promotion of value-added tax, and gradually straighten out the relations of income distribution between the central and local authorities and between the state and enterprises.

The key point in the reform of the taxation system is, on the premise of further improving the "revenue-sharing system," to further use laws to prescribe the powers of governments at various levels, as well as the expenditure plans corresponding to their levels, so as to enable the "revenue-sharing system" to be gradually standardized and to explore experience and promote it. We will actively promote "the system which requires payment of tax plus a percentage of profit to the state, and payment of tax before loan repayment or any retention of profit," and expand the area of experiment. We will improve the compound budget management system, step up efforts to formulate financial management regulations such as the "Budget Law," and strengthen budget restraint. Corresponding to the price reform, we will gradually end the policy of making up for losses, and establish funds for relevant special projects. We will strengthen the function

of financial levers, and fully utilize the interest paid in the form of a deduction when selling bills of exchange, regulatory funds for special projects, government investment, transfer payments, items of taxation, rates of taxation, and other means to regulate economic structure and optimize resource arrangement. In the area of taxation reform, this year we will thoroughly promote a unified taxation rate in the area of commodity production and circulation, and standardize value-added tax which we plan to collect. We will adjust the income tax burden and, on the basis of unifying the criteria for financial accounting, unify income taxes for enterprises. The funds for key energy and communications construction projects collected from depreciation of enterprises [as published] and after-tax profits, and the budgeted regulatory funds should be completely or partially canceled according to different conditions, so as to reduce enterprises' burdens and expand the pilot project of separating tax from profit. We will merge individual income tax, regulatory individual income tax, and industrial and commercial taxes collected from individual operators in urban and rural areas to establish a unified individual income tax, so as to strengthen regulation of income tax collected from individuals. To meet the needs of "entering GATT," we will reduce the general level of tariffs in a planned manner. We will broaden the tax base, expand the area of collection of resource tax, and strengthen regulation and control over taxes collected from securities exchange and income from compensated transfer of the right to use state-owned land.

Vigorously promote financial system reform, strengthen the role of financial means in regulating financial and economic activities.

To establish the socialist market economic system, financial policies and levers have a very important role to play. The current financial system, which has been preliminarily reformed, still cannot meet the needs of market economy, and we should quicken the pace of its reform. Based on the goal of stabilizing the yuan, the central bank should promptly put forward opinions on adjusting monetary policy and credit policy by fully utilizing flexible and effective regulatory means such as relending, reserves, the prime rate, and open market business. The central bank should become the bank of banks, and refrain from directly running concrete credit business. The central bank should practice indirect management of specialized banks and nonbanking financial organizations. This year, we will first try out the management of proportion of balance system in the Communications Bank of China, and explore experience in reorganizing specialized banks into competitive commercial banks in a planned manner, and at the same time carry out experiment in organizing policy banks such as long-term investment banks. Specialized banks should actively explore the way to practice separate account management for lending of a policy nature and lending of a commercial nature, and to find a method to correspondingly separate the mechanisms. At the same time as we continue to develop day-to-day loan markets

within the same trade and the foreign exchange market, we will further open up the securities market, increase the variety in the securities market, invigorate the second-class bonds market, increase the number of listed companies, improve management procedures and regulations, and guide the two markets—one specializing in issuing shares while the other specializes in trading shares—onto the track of healthy development.

Earnestly build the social insurance system, and thoroughly promote housing reform and reform of the land use system.

The reform of the social insurance system should emphasize job-awaiting insurance and old age provision insurance. The main duties are: Actively promote the process of organizing and planning old age pensions at the provincial level, expand the area of implementation of old age provision insurance for staff in enterprises, further improve the procedures for implementing job-awaiting insurance for staff in enterprises owned by the whole people, strengthen management of and supervision over the use of job-awaiting insurance funds, build a societywide unified job-awaiting insurance system step by step, properly run the pilot project on insurance for industrial accidents, actively promote the reform of the medical insurance system, build a unified social insurance management system with an eye on the reform of administrative organs, and strive to seek effective headway in breaking down barriers between departments and in straightening out management systems. Housing reform should center on reforming the low-rent system; grasp work in renting, selling, and building simultaneously; and expedite the process of commercialization of housing. In the places where housing reform plans have been announced, such plans should be promoted according to the concrete conditions, and be further improved; in the places where housing reform plans have not yet been announced, such plans should be actively designed and relevant preparation work should be done, so as to announce the plans as soon as possible. Housing reform must begin in various localities in the whole country within this year. We must take effective measures to prevent the phenomenon whereby overheated real estate trading affects our housing reform, to ensure a smooth implementation of the housing reform measures in the whole country. We will change the method of using administrative orders to allocate land, build a system whereby land use right is leased, transferred, and retransferred in a compensated manner and within a prescribed period, and perfect it; we will strengthen legal means, and macrolevel regulation and control, to keep the use and trading of land within bounds, so as to realize a benign cycle. This year, in the reform of the land use system, we must strictly observe the "State Council Notice on Several Problems in Developing the Real Estate Business," take more effective measures to exercise macrolevel regulation and control and legal supervision, stop the leasing of land at a low price, stop the phenomenon whereby land is approved but lies idle, and stop loss of income during the course of

transfer of land use right. We will strengthen examination and approval of development zones and management of land lease in those zones, to ensure the healthy development of the real estate business.

Zhu Rongji Stresses Infrastructure Construction

HK1102024093 Hong Kong CHING CHI TAO PAO in Chinese No 4, 1 Feb 93 pp 24-25

[From the "China Economic News" column]

[Text] Vice Premier Zhu Rongji pointed out not long ago: The next three years are most crucial for China's economic restructuring. The economic structure includes industrial structure, agricultural structure, and so on, but in the final analysis, the major structure is to strengthen infrastructure construction. In the next three years, we must be vigorously engaged in the construction of railways, ports, wharfs, airports, and highways. If we fail to do so in the next three years, the implementation of Deng Xiaoping's southern-tour remarks will be idle talk.

Zhu Rongji proposed that to expedite the construction of transportation and communications, the following aspects must be stressed:

1. We must pay attention to current transportation and production as well as expedite railway construction at various levels.
2. We must ensure investment in the construction of new railway lines and in present production. For those in the system of production, they must bring their abilities into play to engage in tertiary industry and to develop multiple business.
3. We must give play to the initiative at both the central and local levels. Moreover, we must also bring into play, from the leadership to the rank and file, the initiative in restructuring.

Commentary on Village, Town Enterprises

OW1102024493 Beijing XINHUA Domestic Service in Chinese 0109 GMT 5 Feb 93

["Short commentary" by reporter Wang Yanbin (3769 6056 1755)]

[Text] Beijing, 5 Feb (XINHUA)—The 10 provinces situated in the hinterland of central China hold more than 45 percent of the country's total population and more than 47 percent of the nation's population that is engaged in agriculture. The position of the central region therefore appears to be especially significant in our important measures to accelerate development in the central and western regions.

According to the delineation of the state department in charge of village and town enterprises, the central region consists of Shanxi, Hubei, Henan, Jilin, Heilongjiang, Shaanxi, Anhui, Hunan, Sichuan, and Jiangxi. These 10

provinces produce more than half of the amount of energy produced in China; they are the country's major agricultural production zones; they link together the communications and transportation networks of north, south, east, and west China; and they bear the historical responsibility of forming the link between the east and the west and of catching up with the east and spurring on the west in the development of the national economy.

However, the central region lags far behind the eastern region in economic development. The per-capita total social output value and industrial output value and the per-capita total social output value of rural areas among the rural populations of the eastern region are two-three times more than those of the central region. The gap between income levels of peasants in the central and eastern regions is about twice as wide in 1992 as in 1985.

The differences noted are mostly caused by village and town enterprises. The difference in the per-capita total social output values of rural areas between these two economic zones, excluding the part contributed by village and town enterprises, only increased from 112 yuan in 1985 to 310 yuan in 1991. However, when we include the output value of village and town enterprises, the difference jumped from 452 yuan in 1985 to 1,858 yuan. The backwardness of village and town enterprises has directly affected the progress of prosperity in the central region's rural areas.

If we want to achieve moderate prosperity throughout the country, we should let over 900 million people in our rural areas achieve moderate prosperity first, which brings us to the key and difficult issue concerning the central region, where about half of our rural population stay. We will have an economically developed central region and be able to bring about economic and social development in the western region only if we accelerate the development of village and town enterprises.

Experts believe that for a relatively long period in the future, we should develop village and town enterprises in the central region according to the following method: "The four wheels" of township-run, village-run, shareholding cooperative, and individual and private-run enterprises should turn together; jointly run enterprises and "the three types of partly or wholly foreign-owned" enterprises should be vigorously developed; we should use the export-oriented economy as the guide for development and improvement; we should regard industry [gong ye 1562 2814] as the main body of the industrial structure and promote coordinated development in the secondary and tertiary industries; we should build a group of small industrial zones, industrial development zones, and specialized markets; and we should formulate preferential policies, improve the investment environment, form a climate favorable to economic growth, and better promote economic development in peripheral regions.

In 1992, Henan and Sichuan Provinces broke the 100-billion-yuan mark in their aggregate village and town enterprise output values, provided useful inspiration to other provinces in the central region, and revealed the good prospects for village and town enterprises to catch up with the east and spur on the west.

East Region

Jiangxi Courts Sentence 69,000 in Five Years

HK1102061893 Beijing ZHONGGUO XINWEN SHE
in Chinese 0333 GMT 5 Feb 93

[By Duan Bai (3008 0360 0001)]

[Text] Nanchang, 5 Feb (ZHONGGUO XINWEN SHE)—Over the past five years, the courts at all levels in Jiangxi have tried more than 54,000 criminal cases and sentenced 69,741 culprits, including over 11,000 culprits involved in economic crime.

This reporter learned from the work report of the provincial people's court, delivered at the first session of the provincial people's congress here, that the culprits sentenced to prison terms of over five years, life imprisonment, and death (which include suspended sentences) account for 24.2 percent of the total number of culprits sentenced. Those sentenced to prison terms of under five years, detention, reform-through-labor, and exemption from sentencing account for 75.3 percent. Those pronounced not guilty account for 0.5 percent.

Over the past five years it has been reported that the courts at all levels in Jiangxi sternly and promptly punished according to law the serious criminal offenders involved in murder, robbery, rape, hooliganism, and particularly triad gangs, train banditry and railway tyranny, and robbery rings. Of all the cases tried, over 14,000 cases and 32,000 culprits were related to the abovementioned serious crime, accounting for 46.5 percent of the total.

Over the past five years, it is said that the province's courts tried a total of over 9,000 economic cases and sentenced 11,812 culprits. Of these, 1,386 cases, involving over 1,700 culprits, were tried last year.

According to the work report, the courts at all levels in the province wound up a total of 403,360 criminal, civil, economic, and administrative cases over the past five years, accounting for 89 percent of the cases accepted and heard.

Jiang Chunyun Addresses Shandong Work Conference

SK1102105293 Jinan DAZHONG RIBAO in Chinese
14 Jan 93 p 1

[Speech by Jiang Chunyun, secretary of the provincial party committee, at the provincial power industrial work conference on 13 January, entitled: "Continue To Deepen Reform, Accelerate the Building of the Power Industry, and Make New Contributions to Promoting Economic Development"]

[Text] At the provincial power industrial work conference held on 13 January, Jiang Chunyun, secretary of the provincial party committee; Shi Dazhen, vice minister of power

industry; and Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, each gave speeches. Li Chunting, deputy secretary of the provincial party committee and vice provincial governor, Ma Shizhong, vice provincial governor, and other leading comrades also attended the conference and presented prizes to the advanced collectives and individuals.

On behalf of the provincial party committee and the provincial government, Comrade Jiang Chunyun highly appraised the Shandong power industrial workers for their important contributions to developing the power industry. He said: The reason why Shandong has achieved rapid development in its power industry is that in addition to the active support of the Ministry of Energy Resources and the active help of all trades and all professions across the province, there are also two particularly important reasons. First, it has a leading body that forges ahead in unity and makes earnest efforts to carry out practical work. Members of the leading bodies of the power departments at all levels have a good mental state and a practical work style. They are all concerned with this major undertaking, have one objective, one mind and one soul, and are bursting with energy to push Shandong's power industry forward. Second, it has a contingent of workers with special fighting capacity. This contingent neither fears difficulties nor danger, dares to fight a rigid battle, and is good at doing it, works selflessly, and holds many national records. Practice shows that any place, even as small as a team, a group, or a grass-roots unit, and as big as a department or a region, as long as these two reasons apply, will be able to overcome all difficulties, fulfill all tasks, and be all-conquering.

Jiang Chunyun emphatically pointed out: The 14th CPC Congress has clearly defined the future development orientation. To successively push Shandong's economy to three new stages, the power industrial front has to shoulder heavy tasks. The provincial party committee and the provincial government ardently hope that the broad masses of party members, cadres, and workers of the power departments will actively, comprehensively, and correctly implement the guidelines of the 14th CPC Congress under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, promote glorious traditions, and win greater victories. We should make resolute efforts to manage and use the existing 10 million kilowatt [kw] power grid well, attain the objective of building another 10 million kw power grid in the next eight years, and lay a foundation for making our province's gross national product [GNP] increase by 700 percent by the end of this century and having our province catch up with moderately developed countries in overall economic balance by the year 2010; persist in coordinating in developing power industrial capital construction and production as well as various industries and strive to create better and higher economic efficiency; further deepen reform, accelerate the change of operational mechanism of power enterprises, step up efforts to experiment with the shareholding system, intensify enterprises' ability "to do business independently, to assume sole responsibility for

own profits and losses, to set restrictions for themselves, and to seek development through self-reliance"; and fundamentally convert power industry to the socialist market economy. We should accelerate technological progress, do a good job in conducting technological transformation and grafting in outdated enterprises, and unceasingly improve their quality to meet the demand of a modernized big power grid; firmly foster the ideology of giving service, continue to improve our work and change the work style, and render good service to Shandong's economy and the people throughout the province; continue to take a two-handed approach and be tough with both, and build the power industrial contingent into a vigorous work force with greater fighting capacity. The broad masses of workers on the power production and construction fronts should further emancipate minds, make earnest effort to carry out practical work, guarantee that all work of the Shandong power industrial front will be in the lead of the whole province and the whole country, and make new contributions to developing Shandong's economy at a quicker rate and in a better manner.

In his speech, Shi Dazhen, vice minister of power resources, made two demands on our province's future power industrial work. First, we should outstandingly grasp two 10 million kw power grids. While managing the existing 10 million kw power grid well, we should fulfill the task of building another 10 million kw power grid in the next eight years. Second, we should strengthen our sense of reform and opening up, accelerate the pace of changing the operational mechanism of power industrial enterprises, conscientiously implement the "regulation," and deeply carry out the supporting reform of three systems, namely the enterprise personnel system, the labor system, and the wages distribution system. Through deepening reform and changing mechanisms, we should enable power industrial enterprises at all levels to realistically become economic entities doing business independently, assuming sole responsibility for own profits and losses, seeking development through self-reliance, and setting restrictions on themselves.

In his speech, Comrade Zhao Zhihao pointed out: The proposal of the party committee of the provincial power bureau on building another 10 million kw power grid in the next eight years, which would mean that the total installed power capacity would exceed that of the past 43 years since the founding of the country, is a grand and encouraging objective fully reflecting the lofty aspirations and great ideals of the power industrial workers to carry out large undertakings and to scale new heights. The provincial party committee and the provincial government will resolutely support your work. All departments across the province, all trades and professions, and the whole society should pay attention to and support the development of power industry and create a good external environment for pushing power industrial development to a new stage.

Central-South Region

Guangdong Congress Presidium Adopts Reports

HK1002063093 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 6 Feb 93

[Text] This morning, the presidium of the first session of the eighth provincial people's congress called its fifth meeting. The meeting participants approved the draft resolution on the work report of the provincial people's government, examined and approved the examined budget report from the Budget Commission, approved Guangdong Province's 1992 budget report and the draft resolution on the 1993 budget, deliberated and approved the report on Guangdong Province's 1992 plans for national and economic development and the draft resolution on the report on the 1993 draft plans [as heard], and deliberated and approved the draft resolution on the work report of the Standing Committee of the Standing Committee of the Guangdong Provincial People's Congress. The presidium meeting participants decided to forward these four draft resolutions to the session of the provincial people's congress for examination and approval.

Guangdong Relaxes Restrictions on Private Economy

HK1102111493 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0925 GMT 3 Feb 93

[Text] Guangzhou, 3 Feb (ZHONGGUO TONGXUN SHE)—Guangdong Province will further relax restrictions on the policy regarding the individual and private economic sectors in accordance with the needs of market economic development. Figures concerned said: Guangdong always stands at the forefront of the development of the individual and private economy, and the purpose of further promulgating the implementation of policies with fewer restrictions is to promote the development of the individual and private economy on a larger scale and at a higher level.

As introduced by the Guangdong Provincial Administration for Industry and Commerce, measures relaxing restrictions on individual household traders and private enterprises include the following:

Widening the scope of personnel in the individual and private economy. Except for in-service state cadres and staff and workers, everyone is allowed to engage in the individual and private economic sectors. In-service scientific and technological personnel and professional technologists are allowed to engage part-time in the individual and private economic sectors under the precondition of not affecting their own jobs and of not violating their own units' interests. The measures also allow foreign personnel residing in China to engage in the individual and private economic sectors after being authorized with the approval of the Ministry of Public Security. They will be issued one-year licenses for running business.

Widening the scope and form of operation. Individual household traders and private enterprises are allowed to operate in all trades and professions or commodities, except those which individual traders and private enterprises are explicitly prohibited from engaging in and operating by the law, rules and regulations, and the State Council and provincial government.

Relaxing restrictions on examining and verifying registered capital. Private companies with limited liability which are engaged in production, in scientific and technological undertakings, in export business, and in providing services to agricultural production can be immediately examined, verified, and registered as long as their registered capital is 50 percent over the required level. However, they must submit proof of capital checks issued by qualified organizations.

Relaxing restrictions on joint ventures and on cooperation with foreign businessmen. Private enterprises with operating capability are allowed to run joint ventures and cooperative enterprises with foreign businessmen, and individual industrial and commercial household traders are allowed to do contract business to process with supplied material, drawings, and samples, to assemble with supplied parts, and to conduct compensation trade.

Relaxing restrictions on operation in other areas. From 1993, those who undertake individual industrial and commercial household trade within the boundaries of Guangdong will not be restricted by their registered permanent residence, and can go directly to departments of industry and commerce in areas where their businesses are run to apply for registration to open a business as long as they have fixed places for operation.

Running special trades or projects on a pilot basis is allowed, such as junk trading, pawnbrokerage, grain wholesaling, book wholesaling, family life videotape production, and private schools and nurseries.

Encouraging private enterprises to set up group companies. Production-oriented private enterprises with abundant funds, strong technical personnel, and a large production and operation scale can run joint-stock enterprises on a pilot basis after getting the authorities' approval.

Guangdong Firm Indicts Another Over Copyright
HK0902140793 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1012 GMT 29 Jan 93

[Text] Guangzhou, 29 Jan (ZHONGGUO TONGXUN SHE)—The management of the Guizhou Mellow Winery Supply and Marketing Department in Guangzhou sued Guizhou Province's Maotai Winery for irregular competition. This case was accepted and heard by Guangzhou City Intermediate People's Court a few days ago. This is the first case of a dispute in Guangdong which is caused by dishonorable competition and which is related to intellectual property rights.

The plaintiff wrote in the bill of indictment: Early last year, Maotai Winery invested over 3 million yuan in the central grain depot in Renhuai County, Guizhou Province, to install a canned-wine production line. Six small poor-quality wineries in Renhuai County were mustered to "collude with" Maotai Winery by providing the latter with white wine. They even used export packaging (including packing case, bottle type, and bottle nearly entirely identical to that used by Guizhou Mellow Winery, thus producing fake "Guizhou Mellow Wine" which could almost create confusion by passing off the spurious as genuine. The fake wine was sold without restraint in Guangdong Province, which was an illicit practice of irregular competition, because it disrupted the social and economic order and severely infringed upon Guizhou Mellow Winery's and consumers' interests.

It was learned that "Guizhou Mellow Wine" was successfully developed by Guizhou Mellow Winery in 1983. The wine has a low degree of alcohol but is not insipid, and its fragrance is always strong, even with added ice or water. At that time, it was the most strongly fragrant white wine with the lowest degree of alcohol in China, thus filling in the gap of a Chinese strongly fragrant white wine with a low degree of alcohol. It had been awarded by Guizhou Province the third-class prize of scientific and technological achievements and was also rewarded by the Ministry of Light Industry. Huge consumption of the wine had occurred in cities and townships in Guangdong, and the sales in Guangdong last year exceeded 70 million yuan.

The bill of indictment also accused Maotai Winery, the defendant, of using various irregular means of competition to infringe upon Guizhou Mellow Winery's rights of name, of packaging patent, and of scientific and technological achievements.

Another defendant in this case of selling fake "Guizhou Mellow Wine" is Guangdong Candy, Cigarette, and Wine Company, which was accused of capitalizing on the superiority of a provincial-level company to wantonly market fake "Guizhou Mellow Wine" to various candy, cigarette, and wine companies, and of persisting in its old ways without paying any heed to others' advice.

This case is now being investigated by the court. Yuan Youlou and Lin Dewei, the plaintiff's lawyers, described this case as the second case of a dispute caused by irregular competition in the liquor industry, which is related to intellectual property rights, and to be accepted and heard in China. It is actually rare in China's liquor industry for a renowned winery to have its product counterfeited, produced, and marketed with certain fame.

Guangxi Leaders Stress Nationalities Unity
HK1102055593 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 7 Feb 93

[Excerpts] The third regional meeting on commendations related to the unity and progress of nationalities solemnly opened in the regional government auditorium

yesterday morning. The autonomous regional party, government, and military leaders including Zhao Fulin [party secretary], Cheng Kejie [chairman of the regional people's government], Liu Mingzu, Ding Tingmo, Chen Huiguang, Lin Chaoqun, Peng Guikang, Li Enchao, Yuan Zhengzhong, Ma Qingsheng, Yang Jichang, Li Meisheng, and other comrades attended the meeting. Comrade Jiang Jiafu, vice minister of the State Nationalities Affairs Commission, came especially from Beijing to attend the meeting, which was presided over by Liu Mingzu, chairman of the autonomous regional people's congress. [passage omitted]

Vice Minister Jiang Jiafu first extended warm greetings to the meeting on behalf of the State Nationalities Affairs Commission. Zhao Fulin, regional party secretary, and Cheng Kejie, regional government chairman, delivered speeches.

In his address, Zhao Fulin pointed out: Over the past decades, no matter what turmoil was occurring both at home and abroad, the nationalities in our region have always been closely united. This is the result of efforts by several terms of regional party committees and governments to uphold the Marxist view on nationalities, to hold high the banner of unity and progress among nationalities, to lead the people in correctly carrying out the party's guidelines and policies on work related to nationalities, and to promote the cause of unity and progress among nationalities vigorously under the leadership of the party central committee and State Council. Nationalities work features many tasks, the most fundamental of which are to uphold unswervingly the party's basic line of one center, two basic points; to do a good job of nationalities work in the new historical period; to strengthen unity among nationalities; to resolve problems; to accelerate the economic and social development of minority nationalities and of nationalities-inhabited regions; and to promote the common prosperity and progress of all nationalities. To do a good job in nationalities work, leadership is crucial. Leading cadres at all levels should take the lead in publicizing and earnestly carrying out the party's guidelines and policies on nationalities, implement the law on self-rule in nationalities-inhabited regions, continue to foster the fine tradition of unity among nationalities in our region, and relentlessly push the cause of unity and progress among nationalities in our region to a new stage.

Meanwhile, in his speech, Cheng Kejie, chairman of the autonomous region, stressed: Strengthening unity among nationalities and safeguarding social stability is one of the important conditions required to accelerate reform and opening up as well as to speed up economic and social development. It is also an important and long term task involving the cause of unity and progress among nationalities. Unity among nationalities is a guarantee for progress among nationalities, while progress among nationalities is the foundation of unity among nationalities. Party organizations and governments at all levels, as well as the various departments, should earnestly implement the party's policies on nationalities affairs,

launch activities citing unity and progress among nationalities, vigorously commend and award advanced collectives and individuals who have made contributions to the cause of unity and progress among nationalities, and continuously press forward with this cause.

Ding Tingmo, deputy secretary of the autonomous regional party committee, read the decision of the autonomous regional party committee and government on the third regional commendation of advanced collectives and individuals for unity and progress among nationalities. [passage omitted]

Guangxi's Pingxiang Attracts Foreign Businessmen

HK1002062193 Beijing ZHONGGUO XINWEN SHE
in Chinese 1137 GMT 29 Jan 93

[By reporter Li Chaohui (2621 2600 2547)]

[Text] Nanning 29 Jan (ZHONGGUO XINWEN SHE)—Guangxi's Pingxiang, along the Sino-Vietnamese border, has become a land of promise for Chinese and foreign businessmen alike. As of today, approximately 290 Chinese and foreign businessmen have invested in the city, involving a sum of over 1 billion yuan.

This reporter has learned from a related department here today that on the strength of its geographical advantage, Pingxiang has fully utilized the preferential policy the state allows it and has formulated, supplemented, completed, and perfected a series of policies to make the border area prosper and to promote trade, while augmenting its attractiveness to capital from other parts of the country and the world. At the same time, aiming at the condition of businessmen from elsewhere being unfamiliar with local geographical conditions and customs, Pingxiang established a border trade bureau and three border trade companies to render service to businessmen from other parts of the country and the world, serving as agencies for clients participating in import-and-export trade and protecting their rights and interests. In addition, Pingxiang has removed the original five passage checkpoints to make it convenient for businessmen to enter and depart. At the same time, a 10 million yuan investment has been made to further complete and perfect the border trade market.

Presently, Pingxiang has set up four trade markets in Nongyao, Puzhai, Youyi, and Pinger, and the number of people participating in border trade exceeds 10,000 every day, with a transaction volume of 3 million yuan or so. Last year, Pingxiang's border trade volume was 64 million yuan, up by 30 percent from the previous year.

Authorities Relax Hainan's Trade Policies*HK0902154193 Hong Kong WEN WEI PO in Chinese
29 Jan 93 p 3*

[Dispatch by staff reporter: "The Central Authorities Further Relax the Policy Toward Hainan; Hainan Is Allowed To Examine and Approve Large Investment Projects"]

[Text] Beijing, 28 Jan.—The Chinese State Council recently decided to further relax the policy toward Hainan in various aspects.

—On import and export trade: The Ministry of Foreign Economic Relations and Trade [MOFERT] will relax the allotment of commodities under export license control for Hainan according to its specific needs. MOFERT will at its discretion distribute to Hainan commodities under quota license control sold to Hong Kong, according to Hainan's production and sales; it will report on this to Guangdong Province. Control over the second and third categories of export commodities on separate listings will be relaxed in Hainan Province on a trial basis; the province can export these commodities of its own accord after verifying the total amount. Hainan's retention percentage for foreign exchange income from foreign trade will remain the same under the current unified regulations; if it lacks foreign exchange for good projects, the state will at its discretion provide support in this respect. Special consideration will be made for Hainan's difficulties at a year-end account settlement in terms of tax refunds for foreign exchange exports.

—On the scale of investment in fixed assets and approval rights for construction projects: Hainan Province's scale of investment in fixed assets will still be decided by the State Planning Commission, but the scale will be expanded. The scale can be increased, provided project funding is ascertained and conforms with the state industrial policy. The province can approve a construction project with a total investment under 200 million yuan or \$30 million. If the market for raw and semifinished materials or products requires a domestic comprehensive balance, this should be reported to the relevant state department before approval.

—On using foreign capital: If Hainan can raise funds to repay foreign commercial loans for good construction projects, it will be allowed to exceed the scale designated by the state for the province, but this should be submitted to the relevant state department for approval.

—In the monetary field: The State Council agrees that beginning in 1993 separate management will be exercised over the scale of state bank loans for Hainan. The ratio between loans for fixed assets and loans for liquid funds may be flexible. In the period before 1995, the state will provide a loan of \$50 million to Hainan each year. If there are good projects, foreign

exchange loans may be increased. By following the regulations, Hainan can submit for approval the establishment of foreign-funded banks. The establishment of foreign-funded insurance organizations in Hainan will be given preferential consideration after successful trial implementation of such organizations in Shanghai.

—In the financial field: In 1993 the central financial authorities will continue to support Hainan's 300-million-yuan development and construction fund.

Southwest Region**Liu Zhengwei on Guizhou Economic District***HK1002063193 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 6 Feb 93*

[Text] Recently, provincial CPC Secretary Liu Zhengwei and other comrades visited the economic development district of Tongzi County Seat and conducted an investigation of the development of the new district and the redevelopment of the old city. They fully affirmed the county CPC committee's and county government's bold move of emancipating the mind and initiating the developments at their own expense, and gave important instructions about quickening the construction of the development district. Liu Zhengwei said: In Tongzi County's economic development district, I can see that you are doing a good and practical job, you have emancipated minds, and you are clear-minded; by initiating the developments at your own expense, you have the initiative in your hands. You have fairly many ways of raising funds and many channels of attracting capital, and the policies are flexible. Moreover, development by means of investing and reinvesting the capital is the correct way.

When county leaders discussed attracting capital to the Tongzi economic development district to construct a large 1-million-tonne cement works to match the Three Gorges project, Liu Zhengwei said: This is a very good idea. We can send personnel from the provincial authorities to do research here and strive to invite businesses from Hong Kong so as to initiate this project. Liu Zhengwei called on the Tongzi economic development district to quicken its afforestation, acquire corresponding infrastructure, quicken the redevelopment of the old city, and integrate the development of the new district with the redevelopment of the old city.

New Sichuan Governor Outlines Tasks, Problems*HK1002111993 Hong Kong SOUTH CHINA
MORNING POST in English 10 Feb 93 p 8*

[Report by Willy Wo-lap Lam]

[Text] A protégé of ousted party chief Mr Zhao Ziyang has been named governor of Sichuan, China's largest

province. Mr Xiao Yang, 63, vice-governor of the province, was yesterday elected to the post at the provincial people's congress with a high vote of 888.

Mr Xiao, also a protégé of patriarch Mr Deng Xiaoping, said last night he would expedite economic development of the province through aggressively seeking foreign investment.

"We must quicken Sichuan's reform and open door policy so that the home province of Deng Xiaoping can be well developed," he told local reporters. Mr Xiao revealed that he recently had "many contacts" with Hong Kong tycoon Mr Li Ka-shing and Taiwan's "plastics king", Mr Wang Yung-ching. The CHINA NEWS SERVICE quoted Mr Xiao as saying he was also discussing business with the Heung brothers of Hong Kong's film industry.

"Lack of funds is a major impediment for Sichuan's progress," Mr Xiao said. "We must on the one hand grasp national currency—the renminbi—and on the other, foreign currencies."

"I will not let down the 110 million residents of Sichuan," he added. "I shall promote the economy of the province and ensure the happiness of its people."

Political sources said Mr Xiao, who has a reputation for radical reforms, was a front-runner to succeed the retiring party secretary of Sichuan, Mr Yang Rudai, who had also been a Politburo member.

Following the sudden death last week of Tianjin party secretary and Politburo member Mr Tan Shaowen, Mr Xiao is also a candidate for the supreme policy-setting council.

At the 14th party congress in October last year, Mr Xiao missed being elected to the Central Committee—and the Politburo. Instead, he became the alternate member of the Central Committee with the least number of votes. Sources in Sichuan said Mr Xiao, at that time the party chief of Chongqing, was the victim of "sabotage" by congress delegates from the provincial capital of Chengdu.

Apart from the traditional rivalry between Chongqing and Chengdu, Mr Xiao's avant-garde policies and image have raised eyebrows among cadres in the conservative province. Soon after the congress, however, Mr Deng used his influence to have Mr Xiao promoted to vice-governor of Sichuan, the patriarch's home province.

Analysts said Mr Xiao's promotion to the top government position of Sichuan yesterday was a sign that the patriarch was able to surmount obstacles to the elevation of his liberal protégés. Analysts said Mr Xiao could replace Mr Yang, also an associate of Mr Zhao, at the next provincial party congress.

The former party chief of Chongqing is credited with such innovations as turning state companies into stock concerns and running government enterprises along Western management lines.

Mr Xiao is among a number of former associates of Mr Zhao who had recently been elevated to leadership positions at the provincial and municipal level.

Mr Xiao first made a name for himself in the late 1970s when he liberalised the foreign trade system for Beijing.

The Sichuan native graduated from the elite Qinghua University and trained in a technical institute in East Germany from 1954 to 1956.

North Region

Beijing Commentator on Emancipating Minds

SK1102110693 Beijing BEIJING RIBAO in Chinese
18 Jan 93 p 1

[Commentator's article: "Make Bigger Strides and Emancipate the Mind More This Year"]

[Text] When summarizing their work and drawing up plans at the beginning of this year, all trades and professions in our municipality came to understand more and more clearly that a new situation in work can be created only when our thinking is straightened out; and that our mind should be emancipated more in order to make this year's work better than last year's.

In his report to the 14th CPC Congress, Comrade Jiang Zemin pointed out: "Emancipating the mind and seeking truth from facts are the quintessence of the theory of building socialism with Chinese characteristics and a magic weapon to guarantee the vitality of our party at all times. Emancipating the mind and seeking truth from facts are united, which requires us to comply with objective reality in ideological understanding and, under the guidance of Marxism, to smash the shackles of backward traditional concepts and subjective prejudices and to change the mentality of following the beaten path and refusing to accept new things." This profoundly expounds the importance and major requirements of the endeavor to further emancipate the mind. The 14-year practice in reform and opening up proves that when we have emancipated the mind and sought truth from facts persistently, our thinking has been vigorous, methods numerous, and roads broad, and we have achieved twice the results with half the effort; and that if otherwise, we have been bound to fail to make big strides. After Comrade Deng Xiaoping gave speeches during his south China inspection last year, the call for "three mores" (emancipating the mind more, having more courage in reform and opening up, and making more rapid steps in construction) led to a completely new and encouraging situation in the reform and construction of the country and the national capital. Generally speaking, however, not enough emancipation of the mind remains to be the

major contradiction at present. Therefore, we should emancipate our mind more if we are to arrange this year's work well and to open a new situation in it.

We must have specific measures, not empty slogans, for emancipating the mind. First, we should eliminate interference and obstacles to our correct and comprehensive implementation of the party's basic line. In the process of building socialism with Chinese characteristics, we will encounter interference from both the "leftist" and the rightist erroneous tendencies. We should be vigilant against the rightist tendencies, but mainly guard against "leftist" tendencies. In developing reform and opening up, the obstacles to our endeavor to abandon the systems and concepts that hamper the development of productive forces mainly come from the "left." For example, some comrades have doubts and misgivings about whether greatly bringing in funds from abroad, developing the three types of foreign-funded enterprises, developing the private and individual economies, and leasing or selling out some enterprises conforms to socialist principles. This shows that "leftist" ideas are still exerting influence on some comrades. If we are to comprehensively and accurately implement the party's basic line, eliminate all interference and obstacles, truly take economic construction as the central task, and accelerate reform and opening up, we must emancipate the mind persistently, proceed from reality in doing everything, and judge our reform and economic work based on the "three criteria" (helping the development of the productive forces of the socialist society, helping the enhancement of the overall strength of the socialist country, and helping the improvement of the living standards). Meanwhile, we should remain clear-headed; resolve conspicuous contradictions and problems in a timely manner; protect, guide, and develop well the enthusiasm of the masses; and achieve faster and better results in developing the economy.

Second, we should emancipate the mind in establishing the socialist market economic system. It is a profound transformation to change the unitary planned economy into the socialist market economy. The extent of people's emancipation of the mind will be determined by the extent of this important change. Due to the influence of the ideas of the "product economy" and "planned economy," some people have long regarded development of the commodity economy and market economy as capitalist. Due to the special position of the capital, we relied more on planned supplies to ensure the market and were subject to deeper influence by old systems and old concepts. If we still stick to the outdated concepts on the planned and product economies, we are bound to deviate from reality, and the development of various undertakings in the capital will be affected. Therefore, we are required to further emancipate our mind; embrace the ideas of independence, opening up, equality, competition, efficiency, and selecting the superior and eliminating the inferior; and have more courage to achieve success in opening up the large domestic and world markets. As we have no ready experiences from

which to learn in developing the market economy, we should explore and blaze new trails in the process of practice. Only when we proceed from the specific conditions of our own units to bravely pioneer our way forward, can we open up a new situation in our work. It is natural that we make mistakes and suffer setbacks when conducting reform and blazing new trails. As long as we have the ability to summarize them, experiences and lessons will become wealth for our continuous progress.

Third, we should emancipate the mind in guarding against and overcoming arrogance and complacency. When summarizing work and drawing up plans, some leading comrades have felt complacent over the achievements that their localities and units won in the past few years and lacked the calm mind to "know their deficiencies." Others lacked enthusiasm and initiative in work; were often dilatory to take action to counter problems although understanding them early; and were afraid to advance, although they had "red letter documents" and "experiences." If we do not cast away the load created by satisfaction with the status quo and fear to take risks, it will be difficult for us to achieve great development in the new year. If we are to reach a higher level, we should emancipate our mind continuously to make our thinking compatible with reality and, based on the changed new situation and new problems, have the courage to adopt some new policies and measures. "If we follow the beaten path, we will achieve nothing new; and if we have the courage to do work, there will be no difficulty." If we have the ability to apply dialectics, many problems will be readily solved.

The objective world is changing continuously, and the endeavor to emancipate the mind, as a process to continuously deepen the understanding of the objective world, has no limits. In emancipating our mind continuously in the practice of reform and construction, we will be able to make a new step in our understanding and in the various work for this year.

Beijing Commentator on Defining Reform Goals

SK1102114493 Beijing BEIJING RIBAO in Chinese 27 Jan 93 p 1

[Commentator's article entitled "When Ideas Have Been Rectified, a Higher Level Will Be Attained"]

[Text] Now, the municipality's reform, opening up, and economic construction is being deepened. Emancipating the mind and renewing the ideas are still major tasks ahead of us. To grasp these key links, we should define fighting goals and specific measures according to the reality of the municipality. If we achieve this, the municipality will have great prospects for elevating the work of 1993 to a new level.

In the preceding stage, all trades and professions in the municipality summed up their work and worked out plans. Some of them have positively gone into action. For instance, this year, the industrial front has decided

to further dispel the political misgivings about the socialist market economy; to overcome the absolute and lopsided nature of the understanding about the advantages and disadvantages of the planned economy and the market economy; and to avoid problems in such 12 areas as being overcautious and having no daring to try pioneering work. The commercial front has decided to further eliminate the traditional planned economic idea that "the state dominates the economy" and the old idea that the "state ownership" means "public management" and to change the idea from small-scale production and management to large markets, large business, and large circulation. The urban construction front has decided to resolutely eliminate the trammels of the idea of highly concentrated management under the planned economic system and to dispel the misgivings of being afraid of, unwilling to, or not accustomed to delegate powers to lower levels. The Daxing County party committee has decided to comprehensively develop the rural productive forces; persist in the diversified economic factors, forms, and contents; persist in diversified distributions forms; and persistently open various channels for entering markets. We can see that the comrades of some departments and units are making efforts to explore new ideas for reform and to gain new measures for speeding up the pace of reform and opening up and for elevating the modernization to a new level. Simultaneously, we should also see that although some departments and units have gone into action, they have not specifically learned where they lag behind or have failed to specifically define their targets; their standards are not so high, and their measures are not so effective. Some departments and units have not gone into action. Therefore, in the new year, we must further emancipate the mind. Emancipating the mind is a task that should be done ahead of the rest. Only when we change our ideas and the ideas are rectified will we be able to pioneer a new situation in work.

To grasp the central link of emancipating the mind, first of all, we should fully understand the great significance of emancipating the mind. Early in 1978 when talking about the great significance of emancipating the mind, Comrade Deng Xiaoping pointed out: "If the party, the state, and the nationality do everything according to books, persist in the ossified thinking, and are generally engaged in superstition, they will not be able to advance, their vitality will cease, or they will be conquered." Comrade Deng Xiaoping also scientifically defined the connotation of emancipating the mind: By the emancipation of the mind we mean that "Under the guidance of Marxism, we should eliminate the trammels of the habitual forces and subjective prejudicess, study the new situation, and solve the new problems." In his report at the 14th CPC Congress, Comrade Jiang Zemin also stressed: "Emancipating the mind and seeking truth are the quintessence of the theory on building socialism with Chinese characteristics and the magic weapon to ensure that the party will always keep its vitality." It can be seen that to emancipate the mind, we should use the Marxist

stance, viewpoint, and methods to study the new situation and solve the new problems. We must boldly overcome the trammels of the backward and outdated traditional ideas, be good at proceeding from reality, and do our work creatively. Emancipating the mind is in keeping with seeking truth from facts. So, we should base ourselves on respecting science and the objective law to bring into full play the people's subjective activity and we should make efforts to do what we should do and what we can do. The practice of reform over the past decade or so has proven that the process of socialist reform and construction is a process to ceaselessly emancipate the mind. So long as we understand the gigantic changes in the economic construction and in the people's thinking, we will easily experience the gigantic power of the magic weapon of emancipating the mind.

The whole year's work depends on a good start in spring. Comrade Xiaoping pointed out at a Spring Festival gathering with the personages of all circles in Shanghai: "I hope that you will not lose the favorable opportunity. China does not have so many favorable opportunities for great development." The key to grasping this rarely gained favorable opportunity for great development and elevating the work of Beijing to a new level hinges on grasping the central link of emancipating the mind. If we do not accurately analyze the current situation of reform and opening up or fail to further emancipate the mind, we will not be able to clearly understand where we lag behind or to implement the guidelines of the 14th CPC Congress. Why do some units not go into action at present? Because they lag behind the others in emancipating the mind and changing the ideas and fail to catch up with the development of the situation. We can say that the degree of emancipating the mind and changing the ideas decides our work progress and work performances. So, not only the leading organs but also all organs, enterprises, schools, shops, rural areas, and grass-roots units of all trades and professions should first emancipate the mind, conscientiously sum up the work done in 1992, guard against arrogance and self-satisfaction, learn where we lag behind, and realistically make the 1993 plan. The units that have not gone into action should learn from the advanced units and conscientiously go into action. All departments and units should pay attention to summing up and also conscientiously popularizing the typical experiences. Only when we proceed from reality, boldly and solidly make explorations in the course of practice, keep sober-headed, pay attention to timely eliminating prominent problems and contradictions, and strive to protect, guide, and bring into play the people's enthusiasm will we certainly be able to make greater creative achievements in reform and construction.

Bu He Addresses Inner Mongolian Economic Forum

SK0902061793 Hohhot NEIMENGGU RIBAO in Chinese 12 Jan 93 p 1

[By reporter Hao Bingsheng (6787 4426 0581): "The Regional Economic Work Conference Opens in Hohhot"]

[Text] The regional economic work conference opened in Hohhot on 11 January. Bu He, chairman of the region, made an important speech; Liu Zuohui, Lin Yongsan, and Song Zhimin, vice chairmen of the region, made speeches; and Alatanaoqier and Zhao Zhihong, vice chairmen of the region, and Ma Zhenduo, adviser to the regional government, attended the conference.

This conference is primarily devoted to relaying and implementing, with the spirit of the 14th CPC National Congress as the guide, the guidelines of the national meetings on planning, finance, economic work, foreign economic relations and trade, structural reform, and the tertiary industry, and the guidelines of the sixth (enlarged) plenary session of the fifth regional party committee. The conference is also devoted to summarizing the 1992 economic work, analyzing and discussing the current economic situation, and planning for the region's economic work in 1993.

In his speech, Chairman Bu He reviewed the 1992 regional economic work and defined the guiding ideology for the 1993 economic development as: Comprehensively implementing the guidelines of the 14th CPC National Congress and the sixth (enlarged) plenary session of the fifth regional party committee; and depending on the advantages in natural resources, geography, and policies and seizing the opportunity of opening the border areas even wider to the outside world to accelerate the pace of reform, promote scientific and technological progress, improve economic efficiency, speed up the transformation of natural resources, and build the "two belts and one zone," by aiming at building the socialist market economic system, in order to lay a good foundation for accelerating the development of the region's socialist market economy.

The economic work for 1993 should aim at correctly handling relations between emancipating the mind and seeking truth from facts, relations between speed and efficiency, relations between developing the market economy and strengthening overall regulation and control, and relations between economic construction and development of various social undertakings.

Chairman Bu He said that this year the region's economic development goals are initially defined as: Effecting a 12 percent increase in the gross national product [GNP] by increasing the added value of the primary industry by 7 percent, the secondary industry by 13 percent, and the tertiary industry by 18 percent. Total agricultural output value should be increased by 7.47 percent; industrial production should be increased by 13-15 percent; the total volume of retail sales should be increased by 15 percent; financial revenues should be increased by 7 percent increase; fixed assets investments should be increased by 30 percent; and the total value of imports and exports should be increased by more than 30 percent. In practical work, efforts should be made to achieve even greater progress in economic development.

To attain the above-mentioned goals, Chairman Bu He stressed the work in the following fields:

1. We should firmly grasp agriculture and animal husbandry. At all times, agriculture and animal husbandry are the foundation of the region's national economy. Therefore, we should correctly understand developments in the region's agriculture and animal husbandry sector, implement all 10 measures adopted by the party Central Committee and the State Council on maintaining stable development of agriculture, and strive to maintain stability in the development of the region's agriculture and animal husbandry by refraining from any degree of deviation or slackness.

We should positively readjust structure and accelerate the development of high-output, high-quality, and high-efficiency agriculture. In line with the demand of the market economy, we should energetically readjust agricultural structure, follow the road of developing high-output, high-quality, and high-efficiency agriculture and animal husbandry, and strive to increase the economic efficiency of agriculture and animal husbandry. We should definitely embrace the idea of large-scale agriculture, large-scale circulation, and a large market.

We should optimize the primary industry, enhance the secondary industry, and vigorously develop the tertiary industry in all rural and pastoral areas to make the industrial structure more reasonable. The focal points of this year's rural and pastoral work are: 1) Actually lightening the burdens of peasants and herdsmen and perfecting the comprehensive service system for agriculture and animal husbandry; 2) strengthening construction of the market system in rural and pastoral areas and dredging and opening up circulation channels in rural and pastoral areas; and 3) positively helping peasants and herdsmen develop diversified management to ensure the increase in their output and income. Efforts should be made this year to stabilize the total grain output at about 20 billion jin, to increase the total number of domestic animals in the animal husbandry fiscal year to over 57 million head, and to increase the per-capita income of peasants and herdsmen by about 100 yuan.

2. We should vigorously develop township and town enterprises. We should further loosen restrictions on policies, introduce various kinds of essential production elements to such enterprises, and actually improve the external environment for accelerating the development of such enterprises. By adopting the principles of "making diverse wheels turn, operating through diverse channels, running diverse trades, and promoting diverse levels," township and town enterprises should engage in whatever they can and engage in whatever is efficient in line with market demands and with their respective conditions. We should encourage individuals, villages, townships, and combined households to run township and town enterprises in the forms of joint stocks and foreign investment to enable such enterprises to make a new breakthrough in both quantity and quality. This

year, efforts should be made to effect a 43-percent increase in the total output value of the region's township and town enterprises.

3. We should accelerate the change in the operational mechanism of enterprises. We should be determined to successfully grasp the medium-sized and small state-owned enterprises and unfailingly grasp the leasing, merging, auctioning, and change of ownership of the enterprises that find it impossible to halt deficits. We should boldly carry out experiments for expanding the shareholding system of enterprises, continue to deepen reform of personnel, employment, and distribution systems of enterprises, and establish and perfect the social guarantee system as quickly as possible. By the end of this year, some of the state-owned enterprises in the region should strive to operate themselves according to this new mechanism.

4. We should carry out the development strategy of "two belts and one zone," and make a good beginning for developing the central part of the region. The policy of "two belts and one zone" is an overall development strategy which touches upon each league and each city. What should each area, rich in natural resources, develop? That needs to be decided by coordinating all areas to make each take advantage of its own favorable conditions to develop production.

5. We should continue to expand the scale of opening up and further promote the development of foreign economic relations and trade. In 1993, we should continue to implement the principles of "bringing along the overall situation and promoting development by means of opening up" and should accelerate the linking of the region's markets with the world market to enable the region's economy to make a breakthrough in opening up and imports. We should vigorously import foreign investment and accelerate the development of the export-oriented economy to launch foreign economic relations and trade to a new stage again.

6. We should accelerate financial reform and continue to attend to the work of increasing production and reducing expenditures. We should firmly carry out experiments for the reforms of such major systems as the tax distribution system, the system of separating taxes from profits, the double budget system, and the financial and accounting system which have already been affirmed by central authorities. These reforms should be coordinated with the overall reform of the region. We should take full advantage of finance as a lever to vigorously support the development of the region's market. Financial departments at all levels should strengthen their awareness of the market and the sense of efficiency and vigorously build financial sources in all directions and at various levels to increase the region's financial resources. We should adopt effective methods and measures to optimize the financial expenditure structure and strengthen the management of expenditures to ensure the balance between revenues and expenditures this year.

At the conference, Vice Chairman Liu Zuohui made specific arrangements for the region's planning, financial, and structural reform work in 1993; Vice Chairman Lin Yongsan made specific arrangements for the extraordinary development of the region's foreign economic relations and trade; and Vice Chairman Song Zhimin made specific arrangements for the region's industrial and communications production work.

Inner Mongolia's Wang Qun Visits Baotou

SK1102100193 Hohhot NEIMENGGU RIBAO in Chinese 24 Jan 93 p 1

[By reporter Zhu Fu (4376 4395): "Wang Qun Visits Staff Members and Workers in Baotou Before Spring Festival"]

[Text] From 21 to 22 January, Wang Qun, secretary of the Inner Mongolia Autonomous Regional party committee, and comrades of the regional departments concerned called on the broad masses of staff members and workers of some large and medium-sized enterprises and some scientific research institutions in Baotou city and also gave on-the-spot guidance.

On the morning of 21 January, Wang Qun called on the staff and workers of the Baotou Aluminum Plant. On the same afternoon, he held talks with leaders of some units, including the Baotou Iron and Steel Company, the No. 2 metallurgical plant, the No. 1 and No. 2 machinery plants of Inner Mongolia, the No. 202 plant, a mining administrative bureau, and the No. 1 and No. 2 power plants, the Baotou Iron and Steel Designing Institute, and the No. 52 Institute. At 2300, he also energetically visited the large Yinhe swimming pool, newly built by the peasants in the urban and rural areas of Baotou city.

As for the issue of the capital for technological transformation among the Baotou Aluminum Plant, the Baotou Iron and Steel Company, and the power plants, Wang Qun urged that we should accelerate the pace of bringing in foreign capital. Furthermore, all enterprises can take the path of entering markets, organizing enterprise groups, sharing stocks, and becoming internationalized; mutually become shareholders; benefit from each other; and seek common prosperity. Simultaneously, these enterprises are allowed to take the path of coal-electricity-aluminum and coal-electricity-steel coordinated management. The Baotou Mining Administrative Bureau's resources tend to be exhausted. So, the bureau is confronted with extremely great difficulties. Wang Qun said: These difficulties are problems related to the macroeconomic control and regulation. We should provide good service for the enterprises like the Baotou Mining Administrative Bureau. Wang Qun and other leaders set forth ideas and methods for solving the practical problems for the enterprises, including the Baotou Iron and Steel Company.

Wang Qun pointed out: The leaders at various levels at the company should clearly understand the situation,

grasp favorable opportunities, make full use of the favorable policy environment, be determined to work arduously, and make greater contributions to developing the national iron and steel industry and making the areas inhabited by the minority nationalities flourish. The Baotou Iron and Steel Company, with more than 100,000 staff members and workers, has endless wisdom and intelligence and a vast reservoir of enthusiasm and creativity. This spirit cannot be counted in numbers. Only when we have accurate policies and do our jobs well will the main forces of the company, more than 100,000 in number, form an unbreakable powerful force and will the company develop extraordinarily. At present, the Baotou Iron and Steel Company as well as other enterprises should try every possible means to speed up the development.

Wang Qun pointed out: Under the gratifying situation in economic development, we should strengthen the ideological education among the staff and workers and put stress on ideals and contributions. What do the ideals indicate? First, we should have firm belief in socialism. Second, we should serve the people. Under the conditions that our border minority nationalities' areas lag behind the coastal areas, the leaders at various levels should justly stress ideals and contributions and persistently attend to spiritual and material civilizations. We should persist in the socialist moral standards and encourage the people of various nationalities to dedicate themselves to the construction of the border areas.

At the forum of various leading bodies in Baotou held on the morning of 22 January, Wang Qun urged: First, the city should accurately understand the central policy decisions on reducing the scale of capital construction and concentrate energy on controlling the construction of excessive projects and developing the construction of insufficient projects. Our region's basic industries do not attain the state requirements. So, we should vigorously develop the basic industries. Baotou should speed up the development of such four pillar industries as iron and steel, vehicle, aluminum, and power industries. We should strengthen the development of both heavy and light industries and accelerate their development pace. Second, we should vigorously develop the nonpublic sectors of the economy and give free rein to boldly developing the three types of foreign-funded enterprises, town and township enterprises, private enterprises, and individual enterprises. Only by so doing will we be able to speed up the economic development. Third, we should open the door wide; bring in domestic and foreign investment; import advanced equipment, skilled persons, and capital; and upgrade our economic results and technological, equipment, and product competitiveness.

Tianjin Registers Economic Growth in 1992

HK1002142593 Beijing RENMIN RIBAO in Chinese
2 Feb 93 p 2

[Report by reporter Xiao Di (5135 5441): "Tianjin Registers Marked Economic Growth"]

[Text] Tianjin, 1 Feb (RENMIN RIBAO)—Last year, Tianjin's national economy developed at a markedly accelerated pace; the quality of its economic operation was improved; and its local financial revenue throughout the year topped the 6-billion-yuan mark for the first time, an increase of 5.7 percent over 1991, calculated in terms of comparable items, and surpassing the yearly average increase rate of 3.1 percent in the 13 years of reform and opening up to the outside world.

Tianjin's economic growth last year had the following characteristics. First, tertiary industry was developed. Compared with the previous year, primary industry increased by 4.1 percent, secondary industry by 13.6 percent, and tertiary industry by over 8 percent. Second, the staying power of economic development was strengthened remarkably. The municipality's investment in fixed assets rose by 31.6 percent from last year, with priority given to energy and raw and semifinished materials industries, communications, posts and telecommunications, urban infrastructure, and the technological transformation of old industrial enterprises. The seamless steel tubing project has already turned out 72,000 tonnes of steel and up-to-standard steel tubes. The No. 4 Generating Unit of the Dagang Power Plant and the No. 7 Generating Unit of the Junliang City Power Plant were completed and began to generate electricity through a joint network. The industrial projects completed and put into production last year were able to create an additional 470 million yuan in profits and taxes a year. Tianjin's opening up to the outside world was carried out comprehensively and at an accelerated pace. A total of 1,702 foreign-invested enterprises signed new contracts last year, involving \$1.219 billion in foreign funds, an increase of 380 percent and 520 percent, respectively, over the previous year, and each surpassing the sum total of the previous 13 years.

With the municipality's economic situation taking a favorable turn, according to a sample survey conducted by the municipal statistics bureau, the per-capita average income of the urban population last year was 2,000 yuan, 22.45 percent higher than the previous year, and that of the rural population increased by 11.9 percent over the previous year, the fastest growth rate seen in recent years.

Northeast Region

Liaoning Leader Urges Improved Party Building

SK1102094593 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 10 Feb 93

[Text] At the forum on party building of the provincial government organs, which ended on 10 February, Shang Wen, deputy secretary of the provincial party committee, pointed out: Establishing the socialist market economy has not only set a new demand on the functions of the government organs but also set an even higher demand on the quality of the ranks of cadres in the organs.

Shang Wen said: At present, the party building situation of the government organs lags behind the position and the tasks entrusted to government organs, and the party building itself fails to keep abreast of the new situation and the new tasks. Some units and departments still have the phenomena of neglecting and weakening party building and each going his own way. All units should adopt feasible measures to rapidly change the passivity in party building.

Shang Wen pointed out: To gear party building of government organs to economic construction, we should, by conscientiously performing various functions of party organizations of the government, pay attention to seeking the points of combining the work of party building with various other items of work. We should give prominence to the basic work and ideological education, and attach importance to key fields and leaders. Government organs should pay attention to working diligently and improving administrative honesty and should pay attention to the work at the grass-roots level in order to play a guarantor role.

Liaoning Reports Effects of Price Reform

SK1102094693 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 10 Feb 93

[Text] Price departments in the province have accelerated the pace of price reform and have utilized prices as a lever to promote the development of the socialist market economy. Last year, these departments focused price reform on changing the price operation mechanism, changing from the past situation of both the government and the enterprises fixing prices to the present situation of the enterprises fixing prices mainly by themselves in line with market regulation. Last year, the varieties of commodities whose prices were controlled by the province decreased from 215 in the previous year to 27. The prices of pork, vegetable, and daily-use coal were all decontrolled throughout the province. The marketing prices of grain crops were decontrolled in 13 cities, and the purchasing prices of grain crops were decontrolled in five cities. Thus far, the value of the commodities whose prices are subject to market regulation accounts for 87 percent of the total volume of procured agricultural and sideline products, accounts for

95 percent of the total volume of retail sales, and accounts for 86 percent of the total sales volume of means of production. [words indistinct]

It has been learned that last year saw the biggest scale in the province's price readjustment as compared with the past 14 years since the introduction of reform. Last year, the province readjusted the prices of 175 commodities and labor service items, with the total sum of readjusted prices reaching 6.158 billion yuan, thus further alleviating the unreasonable price structure.

While setting making price readjustment measures, price departments throughout the province also strengthened the regulation and control over the general level of prices, and controlled the increase margin of the prices of retail commodities within 6 percent, thus realizing price stability for three years running.

Liaoning Professor Discusses 'Wasted' Land

SK1102094193 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 10 Feb 93

[Text] In a recent interview by reporters, (Hou Guangding), member of the scientific council of the Academy of Sciences of China and professor of Southwest Agricultural University, expressed that he was very distressed to see cultivated land being arbitrarily occupied or being wasted in some cities and towns. This 88-year-old person called on the whole society to [words indistinct].

In late December last year, when going to (Changning) County where he frequently stayed to help improve its work and gain firsthand experience, our revered Comrade (Hou) was much impressed by the current boom in running development zones. He was happy but also anxious about this situation. He said to reporters: It is good that the construction of development zones is going ahead by leaps and bounds. But, we must cherish and use our land reasonably. Some localities have blindly built economic development zones regardless of their conditions and foundation. Some have occupied scores of mu of cultivated land and others even occupied a hundred mu of cultivated land. Now, quite a few plots of land are subject to neither construction nor farming. This really is a pity.

France 'Upgrading' Representation in Taiwan*HK1102055393 Hong Kong AFP in English 0540 GMT 11 Feb 93*

[By Hsin-Hsin Yang]

[Text] Taipei, Feb. 11 (AFP)—France is upgrading its office in Taipei two months after angering China with a fighter jet sale, with the new representative saying Thursday that visa-issuing powers and a press bureau would be added. "Taiwan is a reality which cannot be ignored, especially when it's so successful in making itself an economic power," said Jean Paul Reau, director of the French Institute in Taipei.

The institute used to handle mainly cultural and scientific exchanges between the two countries, which do not have diplomatic ties. But unlike his two previous predecessors, who were retired diplomats, Reau retains his active status at the French Foreign Ministry, to which he reports. "I was not asked to retire," said the 51-year-old diplomat whose previous overseas assignments included London and Washington. Reau also served as minister at the French embassy in Beijing in 1984-1987.

Elevation of the director's status did not change his country's policy towards China, he said. He added however that other "adjustments" would be made in three months as relations between France and Taipei continued to improve.

The name of the office will be changed to simply the "French Institute" after merging with a French trade mission and a visa section, he said. Visas to France would soon be issued in Taipei instead of Hong Kong, as is the current practice, he said. The expanded office, which is to be moved to a much bigger location in late March, will also have a press section, he added.

Reau declined to comment on whether arms sales had played a major role in closer ties between France and Taiwan, which broke diplomatic relations in 1964 when Paris switched recognition from Taipei to Beijing. Beijing insists that countries with which it has relations break ties with Taiwan.

Both Beijing and Taipei, which is ruled by Nationalists who fled the mainland after losing the civil war to the communists in 1949, maintain they are the legitimate government of all of China.

France authorized this year the sale of 60 Mirage 2000-5 fighter jets worth an estimated 3.8 billion U.S. dollars, angering China which retaliated by ordering the Guangdong consulate closed. French firms were also locked out of a subway project in the booming southern city. France in 1991 also sold six 3,200-tonne Lafayette class frigates and assembly kits for another 10 for a reported 4.8 billion dollars.

Reau said the problem of direct flight between Taiwan and France had been resolved and that he hoped they could start as soon as possible. He also said he was set to

strengthen exchanges with Taiwan in all aspects, especially business, high technology, tourism and culture.

He pointed out that Taiwan was the 13th largest trading entity in the world and said French businessmen "are eager to participate in the implementation of the six-year plan" here.

French companies are trying to win contracts for high-speed train systems, nuclear power plants, pollution-control projects and advanced telecommunications systems contained in the massive 303 billion dollar national construction plan starting 1991. Two-way trade between the two countries in 1992 was 2.639 billion dollars with a deficit of 141 million dollars for Taiwan. Exports to France dropped 7.6 percent to 1,249.4 million dollars while imports rose 21.9 percent to 1,390.4 million dollars.

Economist on Beijing's Single-Currency Policy*OW1002082293 Taipei CNA in English 0807 GMT 10 Feb 93*

[Text] Taipei, Feb. 10 (CNA)—Peking's plan to scrap foreign exchange certificates (FECs) in June will be conducive to luring more foreign investments to the China Mainland, a leading economist here said Tuesday [9 February].

Liu Tai-ying, president of the Taiwan Institute for Economic Research, noted that for foreign investors on the mainland, the scheduled abolishment of the payment system will save currency conversion costs.

The current two-track currency system on the mainland requires foreign traders and tourists including those from Taiwan to make payments in FECs, while local citizens use renminbi (rmb).

Once the complicated currency system is revoked, Liu suggested, the Peking authorities should work to make the rmb depreciate once and for all to an exchange rate of 8:1 against the US dollar.

Speculation is mounting that the rmb, whose official rate on the mainland is currently set at 5.8:1 to the greenback, will plunge to 10:1.

Meanwhile, the economics scholar who also heads the industrial advisory committee of the Ministry of Economic Affairs recommended at a committee meeting Tuesday that the government allow the import of semi-finished products from the mainland.

The gradual opening of the domestic market to mainland semi-finished goods will promote the manufacture of more value-added products here, thereby raising the competitiveness of Taiwan products on international markets, he opined.

The committee head stressed, however, that the development of domestic industries should be given top priority in the market opening.

Economic Exchanges Group To Set Up in Hong Kong

*OW1002082693 Taipei CNA in English 0759 GMT
10 Feb 93*

[Text] Taipei, Feb. 10 (CNA)—The Chinese Association of Economic Exchanges (CAEE) will be established in Hong Kong Feb. 28 to promote economic and trade exchanges among Taiwan, Hong Kong, and mainland enterprises.

This was confirmed Tuesday by Chen Jen-ho, secretary-general of the Taipei-based Youth Career Development Association, which is one of the three sponsors of the CAEE. The other two sponsors are the international trade association of the ROC [Republic of China] and the Hong Kong-based Taiwan Trade Promotion Association.

Chen said that CAEE was created for the purpose of collecting mainland trade and economic information for its members, and to help members solve trade disputes with mainland enterprises.

He said that after its inauguration, CAEE in the initial stage will work in coordination with mainland universities and organizations in distributing trade information and publications, training mainland traders and conducting trade exhibitions on both Taiwan and the mainland.

Government To Study Pacific Market Proposal

*OW1002083693 Taipei CNA in English 0823 GMT
10 Feb 93*

[Text] Taipei, Feb. 10 (CNA)—The Republic of China [ROC] will carefully study a proposal presented by Australian Prime Minister Paul Keating to integrate the markets of Asia and the Pacific, a Foreign Ministry official said Tuesday [9 February].

Wu Tzu-dan, director of the ministry's International Organizations Department, said the ROC Government is interested in any proposal that will help promote economic prosperity in the Asia Pacific region.

As the Australian prime minister has not gone into detail about his proposal for a common market encompassing Pacific rim nations, Wu said, the government will need time to further study the proposal.

Wu made the remarks while meeting with Colin Heseltine, senior Australian representative in the ROC.

Heseltine told Wu that several Asian Pacific nations have responded positively to Keating's proposal to promote free trade in the region.

Keating, fighting his first election after ousting Bob Hawke in late 1991, unveiled the Pacific common market proposal Monday when he began his re-election campaign.

Keating said his new trade plan would create "a market of two billion people producing half the world's output, bound together with harmonized trade rules, harmonized investment rules, harmonized standards and certification, and an agreed way of settling disputes between members."

It would include Australia, New Zealand, Southeast Asia, Mainland China, Taiwan, Hong Kong, Korea, Japan and North America, Keating said.

Wu Tsu-yu Named New Envoy to Vatican

*OW1102120793 Taipei CNA in English 0803 GMT
11 Feb 93*

[Text] Taipei, Feb. 11 (CNA)—The Central Standing Committee of the ruling Kuomintang in its weekly meeting Wednesday [10 February] approved the appointment of Wu Tsu-yu as the nation's new ambassador to the Holy See.

Wu, 73, is currently ROC [Republic of China] representative to Italy. He has served as ROC ambassador to Bolivia and director of the New York office of the Coordination Council for North American Affairs.

Wu is to succeed Huang Sieou-je, who will be given another assignment.

Lien Chan Expected To Get Along With Legislature

*OW1102090593 Taipei CNA in English 0809 GMT
11 Feb 93*

[Text] Taipei, Feb. 11 (CNA)—President Li Teng-hui said Wednesday [10 February] he nominated Taiwan Governor Lien Chan as the next premier mainly for his confidence that Lien will be able to get along well with the legislature.

"With Lien as premier," Li said, "I believe the cabinet shall be able to develop a good partnership with the Legislative Yuan."

Li made the statement while chairing a Kuomintang [KMT] Central Standing Committee meeting in his capacity as the chairman of the ruling party.

Li told the KMT party elders that the domestic political climate has become far more complicated and delicate following the full legislative election late last year.

"To meet the demand of our increasingly pluralistic society," Li said, "we need a younger and more energetic premier to head our executive branch."

Li said Lien has a wealth of administrative experience. His experience in managing local administrative affairs has provided him with knowledge of the problems that exist between urban and rural areas. "As such Lien would be capable of solving the differences arising from these areas," he added.

Lien, 57, is the first native Taiwanese to be nominated for the premiership. His nomination is still subject to confirmation by the Legislative Yuan, which is scheduled to vote on the confirmation Feb. 23.

Taiwanese-speaking Lien was born in Mainland China's Shaanxi Province and came to Taiwan along with his parents in 1946.

Lien graduated from the Political Science Department of National Taiwan University in 1957 and left for the United States for advanced study after completing military service. He received a Ph.D. from the University of Chicago.

Lien began his political career in the 1970s. Political observers said his membership in one of Taiwan's oldest and wealthiest families has helped him rise through the ranks of the ruling party and the government. Luck has been with him all his life, they noted.

Lien Says Economic Liberalization To Proceed

*OW1102082993 Taipei CNA in English 0752 GMT
11 Feb 93*

[Text] Taipei, Feb. 11 (CNA)—Taiwan Provincial Governor Lien Chan Wednesday [10 February] pledged to push ahead with the ongoing economic liberalization and internationalization so that the Republic of China [ROC] may be transformed into a developed country before the turn of this century.

Lien, nominated Wednesday by the ruling Kuomintang for the next premiership, indicated that "since Taiwan is an island, we must assure sustained development of our external relation, particularly foreign trade."

The governor made the remarks in an interview on Chinese television system's "CTS News Magazine."

The interview also presented Lien's scenario for the nation's future in social, cultural and educational development.

If approved by the Legislative Yuan, Lien could be sworn in on March 1.

Asked to comment on worries that Lien has lacked economic experience in his political career, Vice Economic Affairs Minister Yang Shih-chien replied that he believed the current economic policies will proceed.

Yang said the most pressing task will be in boosting the private sector's investment willingness. Private sector investments improved last year, with an annual growth rate of 18 percent.

"This greatest of challenges can be overcome if Taiwan enterprises continue pouring money into local venture projects," Yang said.

An economics official who requested anonymity emphasized that the issue of investment willingness goes

beyond purely economic considerations, saying that as a matter of fact many non-economic factors are involved.

To Chia Yi-jan, assistant professor of economics at the Chinese Culture University, finding ways to ease the inflationary pressure should be given top priority by the new cabinet.

He expressed the view that the new cabinet should take a serious look at policies regarding domestic interest rates, currency fluctuations, and inflation.

The proposal to raise public transportation fees, Chia cited, has already posed a threat to the instability of domestic commodity prices.

Liu Tai-ying, president of the Taiwan Institute of Economic Research, a private economics think tank, recommended that Lien push ahead financial reform and conduct a comprehensive review of government expenditures. Wasteful spending should be avoided at a time when the government is implementing the ambitious six-year national development plan, whose total cost is estimated to run as high as US\$300 billion from 1991 through 1996, Liu said.

Deputy President Kao Chang of the government-funded Chunghua Institute for Economic Research suggested that the government open its door wider to the mainland economically as long as the national unification guidelines are observed.

'Massive Production' of Defense Fighters Planned

*OW1102113293 Taipei CNA in English 0739 GMT
11 Feb 93*

[Text] Taipei, Feb. 11 (CNA)—The nation will begin massive production of the "Ching Kuo" indigenous defense fighters (IDF) in 1994, Air Force commander-in-chief General Tang Fei said Wednesday [10 February] at Ching Chuan Kang Air Base in central Taiwan while introducing the locally-developed fighters to the press.

"The first squadron of the IDF's will be deployed before the end of 1994," General Tang said. The IDF squadron will take over the air patrol mission of the F-104G squadron.

The first IDF prototype was delivered to the Air Force last April. Since then, it has undergone more than 300 test flights and 47 maintenance tests.

The Air Force is still assessing the capability of the fighter in fighting, safety and maintenance so as to make further improvements.

Colonel Wu Kang-Ming who conducted a flying demonstration of the new fighters Wednesday said that the fighters functioned very well and could replace any fighter plane in service at the moment.

To upgrade the defense capability of the Air Force, the nation has ordered 150 F-16 fighters from the U.S. and 60 Mirage 2000-5 fighters from France. The two

advanced fighters, together with IDF, will form the backbone of the nation's air defense for the next decade, Commander Tang said..

As to the impact of a possible US Air Force move to phase out the service of the F-16 fighters, Tang said that the U.S. still has more than 2,000 F-16s in service, and its supply of parts and components will continue for a long period of time. He is sure that this nation will have no problem obtaining parts and components over the next 15 years.

Steel Corporation To Begin Expansion Project

OW1102114693 Taipei CNA in English 0756 GMT
11 Feb 93

[Text] Taipei, Feb. 11 (CNA)—In order to maintain its dominance in the domestic steel market, the China Steel Corp. (CSC) will commence on its fourth stage of expansion in July.

CSC said that the NT [new Taiwan] \$67.35 billion (US\$2.6 billion) project is expected to raise the production of raw steel from the present 5.65 million metric tons per year to 8 million metric tons after its completion in four years.

As hot-rolled steel is still in short supply, CSC plans to use 2 million metric tons of the steel it yields into the manufacture of the product after the completion of the expansion.

A CSC spokesman said that the expansion project is part of its long-term strategy for management and development, with an aim to upgrade the quantity and quality of its products and to maintain its dominance in the domestic steel market.

The spokesman said that as private steel mills have sprung up one after another in recent years, CSC has faced fierce competition and been under great pressure to upgrade its production.

CSC now has a market share of 80 percent, and that ratio is expected to drop to 60 percent after the completion of the expansion project. But without the expansion, the share rate could plunge to 18 percent, giving away its dominant status in the steel market, the spokesman explained.

The spokesman added that all pollution control facilities to be added in the expansion are the most sophisticated available, and its waste disposal design has been greatly improved.

Hong Kong

Announcement on Reform Proposals Expected

HK1002123393 Hong Kong SOUTH CHINA
MORNING POST in English 10 Feb 93 p 1

[By Fanny Wong and Connie Law]

[Text] The bill giving effect to the controversial package of constitutional reforms proposed by the Governor, Mr Chris Patten, is expected to be gazetted this Friday [12 February], despite reservations among some Executive Councillors.

A government statement issued after yesterday's Exco [Executive Council] meeting fell short of saying whether the reforms had won the support of Mr Patten's "cabinet".

But some members maintained that the Patten plan, which includes moves to substantially expand the franchise for the 1995 Legislative Council [Legco] functional constituency and Election Committee ballots, would need further talks.

The bill will propose that the Election Committee, designed to return 10 members to the 1995 Legislative Council, be modelled on Mr Patten's plan that its members will be drawn from elected district board representatives. It will also aim to create nine new functional constituency seats—giving all Hong Kong's 2.7 million working population a vote.

China, already vociferous in its opposition to the Patten proposals, is expected to be told of the bill's content before it is announced. Beijing has vowed to halt the reforms, unveiled by Mr Patten during his October 7 policy address to Legco, and has already threatened to replace the 1995 legislature if it is elected under the new provisions.

According to a government timetable, the bill on the arrangements for the 1994/95 district board, municipal council and Legislative Council elections will be gazetted on Friday and tabled for a first reading in Legco on February 17.

Even if last-minute problems mean publication of the bill is deferred, it is still likely to be gazetted by Friday February 19, at the latest.

"The debate is finished. A bill will be now legally drafted and sent to the Legislative Council," an Agence France Presse report quoted government spokesman Mr Mark Pinkstone as saying.

Emerging from yesterday's three-hour session, Senior Executive Councillor Lady Dunn said: "We intend to follow the timetable."

Another member, Professor Felice Lieh-Mak, refused to say if councillors had agreed on most parts of the package, but maintained they had not finished discussions. She declined to be specific on whether China's threats to "set up another stove" or a separate organisation to oversee transitional matters in case of non-convergence of Hong Kong and mainland political systems, had influenced Exco members' decision.

She said: "Our consideration is based on what will offer the best protection for Hong Kong and what is in Hong Kong's best interests." Professor Lieh-mak had earlier said the proposals should not be enacted at the expense of the local economy.

Her Exco colleague, Professor Edward Chen Kwan-yiu, said: "We've further considered the package and we hope within this month we can put (the bills) to Legco."

Notwithstanding suggestion that there was dissension from unofficial Exco members, the councillors remained tight-lipped and declined to either confirm or deny it. However, even if Exco members advised against Mr Patten's blueprint, under the Royal Instructions, the Governor could act in opposition to the Exco advice.

The Royal Instructions say: "The Governor may, in the exercise of the powers and authorities granted to him by our said recited Letters Patent, act in opposition to the advice given to him by the Members of the Executive Council, if he shall in any case deem it right to do so."

But in any such case the Governor should fully report the matter to the British Government by the first convenient opportunity, with the grounds and reasons of his action.

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